

**Date and Time:** Monday 30 September 2024 23:58:00 CEST

**Job Number:** 234829132

**Documents (100)**

1. [*Dubai and GCC member states look to strengthen global trade ties*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-745B-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

**Search Type:** Terms and Connectors

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2. [*UN Deputy Secretary-General's remarks at Strategic Consultative Meeting on the Sahel*](https://advance.lexis.com/api/document?id=urn:contentItem:5S00-J7W1-F0K1-N218-00000-00&idtype=PID&context=1516831)

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3. [*Shell to sell its Downstream business in Argentina to Raízen*](https://advance.lexis.com/api/document?id=urn:contentItem:5S5X-RS81-F0K1-N1DV-00000-00&idtype=PID&context=1516831)

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4. [*Food and drink industry calls for talent on tap*](https://advance.lexis.com/api/document?id=urn:contentItem:5PB5-BCC1-JDPH-B3X2-00000-00&idtype=PID&context=1516831)

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5. [*- Itronics Reports 78 Percent Sales Increase in Fourth Quarter and a 29 Percent Increase for 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5RHM-D541-F0K1-N06N-00000-00&idtype=PID&context=1516831)

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6. [*Afghan leader writes off past penalty fines against print, aural media*](https://advance.lexis.com/api/document?id=urn:contentItem:5PCK-B161-DYRV-33H0-00000-00&idtype=PID&context=1516831)

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7. [*Europe's Quarter-billion Dollar Lithium Battery Carrot to Benefit Lithium Suppliers, Further Boost Demand USA News Group News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5R1N-K0H1-DXP3-R1WF-00000-00&idtype=PID&context=1516831)

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8. [*Revenues in Legal Cannabis Continue to Skyrocket as Demand for CBD Based Products Rapidly Explode in Popularity MarketNewsUpdates.com News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5P8J-9761-DXP3-R24S-00000-00&idtype=PID&context=1516831)

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9. [*- CF Industries Announces Early Tender Results and Upsizing of Its Tender Offer for 7.125% Senior Notes Due 2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5R8K-BT11-F0K1-N1NV-00000-00&idtype=PID&context=1516831)

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10. [*FEATURE: Reaching solutions*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2R-VM91-F17J-S0XM-00000-00&idtype=PID&context=1516831)

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11. [*Dow Chemical - Q1 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCG-31G1-F0J5-81SX-00000-00&idtype=PID&context=1516831)

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12. [*Food and drink industry calls for talent on tap*](https://advance.lexis.com/api/document?id=urn:contentItem:5PB5-BCC1-JDPH-B3RV-00000-00&idtype=PID&context=1516831)

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13. [*Strategic agriculture investments in Oman 's boost self-sufficiency and exports*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74DK-00000-00&idtype=PID&context=1516831)

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14. [*Ukraine expert views defence industry 'sore spots' - part 1*](https://advance.lexis.com/api/document?id=urn:contentItem:5RW5-MW51-DYRV-300W-00000-00&idtype=PID&context=1516831)

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15. [*FAO chief says building rural communities' resilience is crucial in conflict-ridden Near East*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9B-DR61-F0YC-N3Y3-00000-00&idtype=PID&context=1516831)

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16. [*Connections count in Frankfurt (Oder)*](https://advance.lexis.com/api/document?id=urn:contentItem:5PPB-HRF1-JDJ9-J23S-00000-00&idtype=PID&context=1516831)

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17. [*Cannabis and Hemp -based CBD Production Strengthens as Revenues Continue to Climb MarketNewsUpdates.com News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5PPG-NK61-JB72-11SY-00000-00&idtype=PID&context=1516831)

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18. [*UN Deputy Secretary-General's remarks at Strategic Consultative Meeting on the Sahel*](https://advance.lexis.com/api/document?id=urn:contentItem:5S00-J7W1-F0K1-N1PF-00000-00&idtype=PID&context=1516831)

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19. [*Chicago Botanic Garden CEO goes back to her roots*](https://advance.lexis.com/api/document?id=urn:contentItem:5PXJ-7G21-JCM7-G2YY-00000-00&idtype=PID&context=1516831)

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20. [*Outsized Demand in Canada's Cannabis Market Triggers Upswing in Smart Money Flowing North NetworkNewsWire Coverage*](https://advance.lexis.com/api/document?id=urn:contentItem:5R11-NGJ1-DXP3-R521-00000-00&idtype=PID&context=1516831)

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21. [*Approval of the Strategy for the Development of Sea Ports in the Caspian Sea*](https://advance.lexis.com/api/document?id=urn:contentItem:5PY6-DS71-JDVR-00V9-00000-00&idtype=PID&context=1516831)

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22. [*Register of Commission documents: Foresight ? Contribution to the debate on the future of EU agricultural policy Document date: 2017-08-28 EPRS\_BRI(2017)608656 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5PRD-4RD1-JDG9-Y48K-00000-00&idtype=PID&context=1516831)

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23. [*Russia : Chelyabinsk Region media highlights 14-20 Aug 17*](https://advance.lexis.com/api/document?id=urn:contentItem:5PBY-DF31-DYRV-31J1-00000-00&idtype=PID&context=1516831)

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24. [*China retaliates for US tariffs*](https://advance.lexis.com/api/document?id=urn:contentItem:5S1F-KBY1-DYG8-131V-00000-00&idtype=PID&context=1516831)

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25. [*GCC member states strengthen global trade ties*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74PH-00000-00&idtype=PID&context=1516831)

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26. [*Approval of the Strategy for the Development of Sea Ports in the Caspian Sea*](https://advance.lexis.com/api/document?id=urn:contentItem:5PY6-DS71-JDVR-00ST-00000-00&idtype=PID&context=1516831)

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27. [*Cargill posts fiscal 2018 Q3 financial results*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2J-NS61-JC0X-H3GR-00000-00&idtype=PID&context=1516831)

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28. [*Obtala Limited Q4 2017 Quarterly Business Update*](https://advance.lexis.com/api/document?id=urn:contentItem:5RC8-88N1-F0CC-S009-00000-00&idtype=PID&context=1516831)

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29. [*Farmers will play an active role in eradicating bTB'*](https://advance.lexis.com/api/document?id=urn:contentItem:5RF2-2871-F15K-2086-00000-00&idtype=PID&context=1516831)

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30. [*Launch of the African Land Policy Centre marks a step forward towards better governance of land*](https://advance.lexis.com/api/document?id=urn:contentItem:5PP6-2631-JDG9-Y49T-00000-00&idtype=PID&context=1516831)

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31. [*Programme summary of Russian Rossiya 1 TV "Vesti Nedeli" 1700 gmt 27 May 18*](https://advance.lexis.com/api/document?id=urn:contentItem:5SDY-GF31-DYRV-31JG-00000-00&idtype=PID&context=1516831)

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32. [*Australia Making Big Strides Toward Playing Catch up in Cannabis Market USA News Group News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5PXP-0F31-DXP3-R3PB-00000-00&idtype=PID&context=1516831)

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33. [*BRIEF NEWS BULLETIN NO. 10343*](https://advance.lexis.com/api/document?id=urn:contentItem:5RNP-F191-F12K-R2XT-00000-00&idtype=PID&context=1516831)

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34. [*Ukraine expert views defence industry 'sore spots' - part 1*](https://advance.lexis.com/api/document?id=urn:contentItem:5S64-BR81-DYRV-30BC-00000-00&idtype=PID&context=1516831)

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35. [*Nestlé Nigeria - Q3 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5NG3-5H81-JD33-J1J2-00000-00&idtype=PID&context=1516831)

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36. [*Register of Commission documents: Commission Work Programme 2018 Document date: 2017-06-30 P8\_B(2017)0456 Motions for resolutions/decisions*](https://advance.lexis.com/api/document?id=urn:contentItem:5P80-9SD1-JDG9-Y4S4-00000-00&idtype=PID&context=1516831)

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37. [*Transcript of Putin-Macron press conference at Petersburg forum*](https://advance.lexis.com/api/document?id=urn:contentItem:5SDJ-C191-DYRV-346B-00000-00&idtype=PID&context=1516831)

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38. [*Thailand 's education sector struggles to produce positive results*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-73B1-00000-00&idtype=PID&context=1516831)

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39. [*Common Sense Agricultural Policy: 'Brexit allows Britain to develop a policy that WORKS'*](https://advance.lexis.com/api/document?id=urn:contentItem:5P5V-GV11-F021-6015-00000-00&idtype=PID&context=1516831)

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40. [*Shell to sell its Downstream business in Argentina to Raízen*](https://advance.lexis.com/api/document?id=urn:contentItem:5S5X-RS81-F0K1-N1X8-00000-00&idtype=PID&context=1516831)

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41. [*Washington: REAFFIRMING THE STRATEGIC PARTNERSHIP BETWEEN THE UNITED STATES AND CANADA*](https://advance.lexis.com/api/document?id=urn:contentItem:5R65-4NS1-F0YC-N0KM-00000-00&idtype=PID&context=1516831)

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42. [*Public and private facilities find their place in providing quality health care and services to residents in Sri Lanka*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-72R8-00000-00&idtype=PID&context=1516831)

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43. [*Food Corporation of India : [ ICRA ]AAA(SO)(Stable) Rating Reaffirmed*](https://advance.lexis.com/api/document?id=urn:contentItem:5RRK-BTK1-F19S-P038-00000-00&idtype=PID&context=1516831)

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44. [*Council of the European Union: Working Party of Chief Plant Health Officers (COPHS) on 14-15 June 2017 - Partial outcome of proceedings ST 10493 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5P6G-J151-JDG9-Y1V0-00000-00&idtype=PID&context=1516831)

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45. [*Nestlé Nigeria - Q4 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P82-53B1-JD33-J20T-00000-00&idtype=PID&context=1516831)

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46. [*Washington: LEGISLATIVE SESSION*](https://advance.lexis.com/api/document?id=urn:contentItem:5NRW-K9R1-F0YC-N0TR-00000-00&idtype=PID&context=1516831)

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47. [*Cannabis Conundrum Fuels Possible Advantage for Industry Sub-sectors NetworkNewsWire News Coverage*](https://advance.lexis.com/api/document?id=urn:contentItem:5RFD-04K1-JB72-1384-00000-00&idtype=PID&context=1516831)

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48. [*Building rural resilience key for conflict-hit Near East - UN*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9B-1KS1-JC6P-C51H-00000-00&idtype=PID&context=1516831)

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49. [*Register of Commission documents: Directive 2008/106/EC of the European Parliament and of the Council as regards the systems for training and certification of seafarers Document date: 2017-05-23 COM-AC\_DR(2017)D051194-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5P52-B0C1-JDG9-Y2X0-00000-00&idtype=PID&context=1516831)

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50. [*The transnational policy process for REDD+ and domestic policy entrepreneurship in developing countries*](https://advance.lexis.com/api/document?id=urn:contentItem:6BGY-HK51-JBMY-H3R9-00000-00&idtype=PID&context=1516831)

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51. [*Register of Commission documents: European Parliament resolution of 14 November 2017 on the deployment of cohesion policy instruments by regions to address demographic change (2016/2245(INI)) Document date: 2017-11-14 P8\_TA-PROV(2017)0427 Texts adopted (provisional edition*](https://advance.lexis.com/api/document?id=urn:contentItem:5R6T-YHX1-JDG9-Y2CM-00000-00&idtype=PID&context=1516831)

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52. [*New measures expected to incentivise investment and grow Tunisia 's agricultural sector*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-751G-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

53. [*Register of Commission documents: Document date: 2017-05-23 COM-AC\_DR(2017)D051325-01 Comitology - Right of scrutiny Open the document in a new window Commission Implementing Decision on the recognition of Ethiopia pursuant to Directive 2008/106/EC of the European Parliament and of the Council as regards the systems for training and certification of seafarers Document date: 2017-05-23 COM-AC\_DR(2017)D051196-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5P52-B0C1-JDG9-Y2WY-00000-00&idtype=PID&context=1516831)

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54. [*- Yield10 Bioscience Announces Second Quarter 2017 Financial Results*](https://advance.lexis.com/api/document?id=urn:contentItem:5P75-6XK1-JD3Y-Y33D-00000-00&idtype=PID&context=1516831)

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55. [*Dow Chemical - Q4 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5PPM-F9C1-F0J5-80JW-00000-00&idtype=PID&context=1516831)

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56. [*Ananda Jayawardane, Vice-Chancellor, University of Moratuwa: Interview*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-72R7-00000-00&idtype=PID&context=1516831)

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57. [*Learning from groundwater: Pragmatic compromise planning common goods*](https://advance.lexis.com/api/document?id=urn:contentItem:6BGY-HK51-JBMY-H3ST-00000-00&idtype=PID&context=1516831)

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58. [*Register of Commission documents:The EU olive and olive oil sector: Main features, challenges and prospects Document date: 2017-09-14 EPRS\_BRI(2017)608690 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5PX3-MST1-JDG9-Y367-00000-00&idtype=PID&context=1516831)

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59. [*Deals Shaping The Medical Industry, December 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5R47-R0M1-JD3R-70F4-00000-00&idtype=PID&context=1516831)

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60. [*Putin chairs Science and Education Council meeting - Kremlin transcript*](https://advance.lexis.com/api/document?id=urn:contentItem:5RN0-GHJ1-JC8S-C15K-00000-00&idtype=PID&context=1516831)

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61. [*-Fortune examines higher production rate in NICO feasibility*](https://advance.lexis.com/api/document?id=urn:contentItem:5PY6-MYW1-F0K1-N00V-00000-00&idtype=PID&context=1516831)

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62. [*Moroccan authorities target diversification to secure long-term economic growth*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74BP-00000-00&idtype=PID&context=1516831)

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63. [*-Hera Group approves Business Plan to 2021*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCS-XVD1-F0K1-N083-00000-00&idtype=PID&context=1516831)

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64. [*AI for Earth can be a game-changer for our planet, says Microsoft President Brad Smith*](https://advance.lexis.com/api/document?id=urn:contentItem:5R59-3591-JB72-11YM-00000-00&idtype=PID&context=1516831)

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65. [*Council of the European Union: COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT A European One Health Action Plan against Antimicrobial Resistance (AMR) ST 11128 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5PDW-MHV1-JDG9-Y06G-00000-00&idtype=PID&context=1516831)

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66. [*Register of Commission documents:Draft opinion Implementation of EU macro-regional strategies Document date: 2017-07-06 ENVI\_AM(2017)607956 Amendments to draft opinions*](https://advance.lexis.com/api/document?id=urn:contentItem:5PCC-KFD1-JDG9-Y4DT-00000-00&idtype=PID&context=1516831)

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67. [*Turkey in Africa: New comers, old challenges*](https://advance.lexis.com/api/document?id=urn:contentItem:5NSP-C9R1-F11P-X0S9-00000-00&idtype=PID&context=1516831)

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68. [*Pakistan - Q3 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5SF1-TW01-JD33-J154-00000-00&idtype=PID&context=1516831)

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69. [*13th Five-Year Plan: Key Points*](https://advance.lexis.com/api/document?id=urn:contentItem:5RVP-87H1-F0J5-834C-00000-00&idtype=PID&context=1516831)

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70. [*-Speech by Akinwumi A. Adesina, President of the African Development Bank at the Gala Dinner during the State Visit to Niger , September 26, 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5PKK-T1Y1-JD3Y-Y25V-00000-00&idtype=PID&context=1516831)

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71. [*M and A Navigator: Deal pipeline -3 May*](https://advance.lexis.com/api/document?id=urn:contentItem:5S7V-GBH1-F0K1-N4JV-00000-00&idtype=PID&context=1516831)

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72. [*Rising oil prices and economic diversification initiatives in Oman boost GDP growth and lower deficit*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74C3-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

73. [*M and A Navigator: Deal pipeline -9 June*](https://advance.lexis.com/api/document?id=urn:contentItem:5NRV-R241-JD3Y-Y29D-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

74. [*13th Five-Year Plan: Key Points*](https://advance.lexis.com/api/document?id=urn:contentItem:5RVX-7FR1-F0J5-83PY-00000-00&idtype=PID&context=1516831)

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75. [*The Global Scramble for Lithium NetworkNewsWire Editorial Coverage*](https://advance.lexis.com/api/document?id=urn:contentItem:5PN0-W7P1-JB72-12C4-00000-00&idtype=PID&context=1516831)

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76. [*Pakistan - Q2 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5S5J-VBV1-JD33-J2H5-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** strategic and interventions or strategic and programs or strategic and plan or strategic and producer or interventions and programs or interventions and plan or interventions and producer or programs and plan or programs and producer or plan and producer

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

77. [*Speech by Prime Minister Juha Sipilä in Parliament during the topical discussion on the EU's multiannual financial framework*](https://advance.lexis.com/api/document?id=urn:contentItem:5SBT-M231-F0YC-N06H-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

78. [*M and A Navigator: Deal pipeline -31 January*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJ6-12W1-F0K1-N088-00000-00&idtype=PID&context=1516831)

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79. [*Register of Commission documents:Communication from the Commission to the Council and the European Parliament A European One Health Action Plan against Antimicrobial Resistance (AMR) Document date: 2017-06-29 COM\_COM(2017)0339 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5P8C-YRC1-JDG9-Y486-00000-00&idtype=PID&context=1516831)

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80. [*Pakistan - Q1 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RF5-VFD1-F0J5-807F-00000-00&idtype=PID&context=1516831)

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81. [*13th Five-Year Plan: Key Points*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGN-MVF1-F0J5-82N4-00000-00&idtype=PID&context=1516831)

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| **Content Type** | **Narrowed by** |
| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

82. [*M and A Navigator: Deal pipeline â(EURO)"9 June*](https://advance.lexis.com/api/document?id=urn:contentItem:5NRV-R211-JD3Y-Y1PJ-00000-00&idtype=PID&context=1516831)

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83. [*Cannabis R&D Firms See Wild Growth Curve USA News Group News Commentary*](https://advance.lexis.com/api/document?id=urn:contentItem:5PG3-J231-DXP3-R3SB-00000-00&idtype=PID&context=1516831)

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84. [*M and A Navigator: Deal pipeline ""31 January*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJ6-12M1-F0K1-N511-00000-00&idtype=PID&context=1516831)

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85. [*Trump's Steel Tariffs Raise Fears of a Damaging Trade War Analysis*](https://advance.lexis.com/api/document?id=urn:contentItem:5RSX-0231-JC85-N1X0-00000-00&idtype=PID&context=1516831)

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86. [*Struggling for democracy: Paulo Freire and transforming society through education*](https://advance.lexis.com/api/document?id=urn:contentItem:6BNK-7DJ1-DY41-733T-00000-00&idtype=PID&context=1516831)

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87. [*Council of the European Union:COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The Future of Food and Farming ST 14977 2017 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5R89-XVM1-JDG9-Y2M0-00000-00&idtype=PID&context=1516831)

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88. [*Dow Chemical - Q3 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5P28-YFN1-F0J5-81G3-00000-00&idtype=PID&context=1516831)

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89. [*BRIEF NEWS BULLETIN NO. 10185*](https://advance.lexis.com/api/document?id=urn:contentItem:5PG5-5K01-JDKJ-11K2-00000-00&idtype=PID&context=1516831)

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90. [*Kazakh leader unveils new development plan in key message*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCT-4471-JC8S-C3CY-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

91. [*Moody's takes action on eight South African corporates following sovereign downgrade and outlook change*](https://advance.lexis.com/api/document?id=urn:contentItem:5P51-9C71-F0YC-N529-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

92. [*Washington: U.S Engagement in the Western Hemisphere*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJN-M081-JDG9-Y1RH-00000-00&idtype=PID&context=1516831)

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93. [*BRIEF NEWS BULLETIN NO. 10391*](https://advance.lexis.com/api/document?id=urn:contentItem:5S1X-WVH1-JDKJ-11DP-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

94. [*- Monsanto Chief Technology Officer Highlights Strong Demand for Latest Innovations at Farm Progress Show*](https://advance.lexis.com/api/document?id=urn:contentItem:5PC6-NMM1-JD3Y-Y3YY-00000-00&idtype=PID&context=1516831)

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95. [*Daily News 30 / 11 / 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5R36-J7G1-F0YC-N15M-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

96. [*Register of Commission documents: European Parliament resolution of 6 July 2017 on EU action for sustainability (2017/2009(INI)) Document date: 2017-07-06 P8\_TA-PROV(2017)0315 Texts adopted (provisional edition)*](https://advance.lexis.com/api/document?id=urn:contentItem:5P97-J9Y1-JDG9-Y0M5-00000-00&idtype=PID&context=1516831)

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

97. [*Washington: DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5PGT-5JY1-JDG9-Y0YD-00000-00&idtype=PID&context=1516831)

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98. [*BRIEF NEWS BULLETIN NO. 10269*](https://advance.lexis.com/api/document?id=urn:contentItem:5R43-TRG1-F12K-R0D1-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

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| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

99. [*Evitable Conflicts, Inevitable Technologies ? The Science and Fiction of Robotic Warfare and IHL*](https://advance.lexis.com/api/document?id=urn:contentItem:6BNK-CF41-DY41-72F4-00000-00&idtype=PID&context=1516831)

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| **Content Type** | **Narrowed by** |
| News | Timeline: 01 jun 2017 tot 01 jun 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

100. [*Washington: TEXT OF AMENDMENTS*](https://advance.lexis.com/api/document?id=urn:contentItem:5R3M-K1P1-JDG9-Y0DG-00000-00&idtype=PID&context=1516831)

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# [***Nestlé Nigeria - Q3 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NG3-5H81-JD33-J1J2-00000-00&context=1516831)

Nigeria Food & Drink Report

July 1, 2017 Saturday

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**Length:** 1564 words

**Highlight:** Nestlé established a trading presence in Nigeria in 1961, and began listing on the Nigerian stock exchange in 1978. The Switzerland-based company then established a factory in Agbara, Ogun State, in 1981. Nestlé SA now holds a 62% stake in the company. The company ***produces*** a wide range of baby food, drinks and confectionery items for the Nigerian market, which are ***produced*** mainly using locally sourced raw materials such as sorghum and maize. It is also a leader in the local cocoa and coffee markets, importing coffee from Côte d'Ivoire.

**Body**

**SWOT Analysis**

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| Strengths | Nestle is Nigeria's largest food company by turnover. Nestle possesses an internationally renowned brand name. Having operated in Nigeria for almost 50 years, the company has considerable experience in the country's difficult regulatory environment. Current economic conditions create a barrier for new entrants. Nestle's share price has performed strongly against the Nigerian All-Share Index over the past few years. The company offers quality popular brands. The company is investing in ongoing plant capacity in the country. |
| Weaknesses | Nestle will have to invest heavily to boost manufacturing, distribution and marketing processes. High production costs affect Nigeria's ability to serve as a competitive export base to the wider West African region. Although Nigeria has an enormous population, the vast majority of consumers remain beyond reach due to low incomes and poor infrastructure. Instability in northern states, such as Borno and Yobe, has resulted in Nestle having to temporarily remove some of its sales staff. Warning issued against Maggi instant by food and safety bodies in Nigeria affect Nestle's ability to capture market share in the lucrative category. |
| Opportunities | As Nigeria's largest food company, Nestle is well placed to capitalise on dynamic forecast headline food consumption growth. Rising disposable incomes over the long term will very likely serve to increase demand for higher-value Nestle brands such as Nescafe coffee. By funding farmers and investing in its supply chain, Nestle is helping to strengthen local sources for raw ingredients while also broadening its potential consumer base. Rising consumption of bottled water presents an opportunity for Nestle's PureLife water brand. |
| Threats | Competition from rival multinationals such as Cadbury and Unilever is steadily growing. Unilever's aggressive low-cost brand strategy is poaching highly price-sensitive consumers. Kellogg's proposed entrance into the West African market poses a threat to Nestle's market share in the snacks category. Nigeria's notoriously poor regulatory environment makes expanding difficult. Volatility in cocoa prices can have a negative impact on Nestle's profit margins. Ongoing security concerns in Nigeria's northern regions and the related uncertainty, paired with high rates of inflation, is affecting consumer spending. |

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| **Company Overview** | Nestle established a trading presence in Nigeria in 1961, and began listing on the Nigerian stock exchange in 1978. The Switzerland-based company then established a factory in Agbara, Ogun State, in 1981. Nestle SA now holds a 62% stake in the company. The company ***produces*** a wide range of baby food, drinks and confectionery products for the Nigerian market, which are ***produced*** mainly using locally sourced raw materials such as sorghum and maize. It is also a leader in the local cocoa and coffee markets, importing coffee from Cote d'Ivoire. |

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| **Strategy** | Nestle Group's growth ***plan*** is based upon the 'Nutrition, Health and Wellness' strategy, which includes research and development in the food and beverage sector and nutritional therapies. The Nestle ***Strategic*** Roadmap incorporates operational pillars such as consumer engagement, operational efficiency and innovation, as well as growth drivers including premiumisation and investment in emerging markets, and, finally, developing competitive advantages such as product diversification, expanded geographic presence and expansive research and development. Nestle has been expanding its production in Nigeria after receiving support from the Ogun State government to expand production at the Agbara plant, located near the main city of Lagos. According to Nestle press reports, it is expected that this investment will further stimulate sustainable growth, increase the company's market share and broaden the nutrition, health and wellness business platform for the company in Nigeria. Competition from multinationals in Nestle's lucrative markets is steadily increasing. Unilever is currently increasing investments in Nigeria in order to capitalise on growth. In an effort to capture price sensitive consumers, Unilever has created a brand portfolio that caters to various incomes. Furthermore, this strategy protects Unilever's sales from consumers that are switching out to low-cost brands. |

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| **Developments** | **2015** In summer 2015, Nestle announced ***plans*** to cut 15% of its workforce in 21 African countries as the company overestimated the rise of the middle class. Cornel Krummenacher, chief executive for Nestle's equatorial Africa region, stated: 'We thought this would be the next Asia, but we have realised the middle class here in the region is extremely small and it is not really growing'. However, Nigeria is not included in the region, and the country shows a rising middle class. A joint venture announced in 2015 between Kellogg's and Tolaram Group, will enable Kellogg's to piggyback on Tolaram's extensive distribution channels in Nigeria's instant noodles category. This does not bode well for Nestle, as their flagship instant noodles brand was hard hit by a food safety warning from Nigeria's National Agency for Food and Drugs Administration and Control. This warning advised against the sale, purchase and consumption of Maggi instant noodles manufactured in India due to safety concerns about excess lead present in the product. In spring 2015, the chief executive of Nestle Nigeria, Dharnesh Gordhon, said that he expects the company's capital expenditure to slow to its lowest level in five years after the recent currency devaluation triggered a sharp drop in the price of oil, the country's main export. Gordhon said the Nigerian unit had invested USD400mn over the past six years into its local business to increase capacity. The company will spend USD200mn over the next 18 months to maintain growth, such as investing in packaging which currently has to be imported, but will also shift its focus to managing costs given the challenges facing the economy. 'It's lower (spending) than what we had over the last five years. Our capital expenditure has definitely dropped ... because we ramped up capacity'. Gordhon said he expected the market to grow modestly, not in double-digits this year. The Islamist insurgency in the north has also limited the company's product distribution ***plans***. **2014** In late 2014, the head of Nestle's Asia, Africa and Oceania operations, Nandu Nandkishore, said that militant insurgencies across West Africa are weighing on the company's business in the region, adding to the pressures of currency depreciation, high inflation and the Ebola outbreak. He said that in West Africa, currency weakness and high inflation will probably persist into 2015. While the worst Ebola outbreak on record has affected Nestle's business in West Africa, recent statistics suggest some 'progress is being made. According to Nandkishore, 'We see a responsibility to continue business operations as normally as possible.' He confirmed that Nestle will continue to build its business in the region after investing more than CHF600mn in 22 West and Central African countries in five years, with seven factories in the region. 'This continues to be a land of high demographic growth,' he said. 'We remain optimistic about Africa in general, West Africa in particular.' In September 2014, the Nigerian government announced ***plans*** to partner with Nestle to manufacture and process ***agricultural*** raw materials. Nestle will collaborate with the government to establish farmers' groups to grow grains such as maize, millet, sorghum and soybeans for the company at the right volume, price and quality. Nestle will also collaborate with the Federal Ministry of ***Agriculture*** and Rural Development to sponsor a nationwide advocacy ***programme*** on grain biofortification. Under this ***programme***, new varieties of conventionally-farmed high-energy staple grains that are naturally fortified with essential vitamins and minerals will be made accessible to larger, predominantly rural populations, thereby tackling micronutrient deficiencies. In May 2014, the company announced ***plans*** to invest USD28mn in the development of a new high technology water processing and bottling operation to increase production and delivery of its Pure Life brand bottled water. In early 2014, the company announced a 14% increase in revenues for FY13 to NGN133.1bn (USD796mn), while its pre-tax profit increased marginally by 3.95% y-o-y to NGN26.04bn (USD158.3mn). However, the company's profit after tax grew 5.4% y-o-y to NGN22.3bn (USD133mn) in 2013 due to a reduction in taxation to NGN3.7bn (USD22mn), down from NGN3.9bn (USD23mn). CEO Dharmesh Gordhon attributes the company's ongoing success to its policy of purchasing raw and packaging materials from local suppliers. The company's good manufacturing infrastructure and popular quality brands are also thought to contribute to performance levels. |

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| **Financial Data** | Sales for year ending June 30 2016: NGN80.4bn (USD256mn) Sales for year ending December 31 2015: NGN151bn (USD479.7mn) Sales for year ending December 31 2014: NGN143bn (USD858mn) Sales for year ending December 31 2013: NGN133.1bn (USD796mn) Sales for year ending December 31 2012: NGN117bn (USD702mn) Sales for year ending December 31 2011: NGN97.9bn (USD587.4mn) |

**Load-Date:** May 4, 2017

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[***Washington: LEGISLATIVE SESSION***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NRW-K9R1-F0YC-N0TR-00000-00&context=1516831)

Impact News Service

June 9, 2017 Friday

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**Length:** 12244 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 COUNTERING IRAN'S DESTABILIZING ACTIVITIES ACT OF 2017--MOTION TO PROCEED--Continued The PRESIDING OFFICER. The Senator from Utah. ***Planned*** Parenthood Mr. LEE. Mr. President, last year the Nation was shocked by undercover videos ***produced*** by investigative journalists with the Center for Medical Progress exposing ***Planned*** Parenthood's sale of fetal body parts and the callousness with which ***Planned*** Parenthood officials described their grisly work. As we know, as ***Planned*** Parenthood and its allies in the mainstream media hoped, outrage fades with time, and attention turns--but not for long, for the abortion industry and its profiteers are never really beset by scandal.

They are a scandal. Just last month we got another reminder about the reality behind the talking points. Once again, it was the undercover journalists of the Center for Medical Progress doing the investigative journalism the mainstream media refuses to do. Once again, the video has been ignored by the pro-abortion media elite, whose principal interest is the story of the prosecution of the journalists for daring to speak this truth to their power. The American people and their representatives in the U.S Senate deserve to know what the new video shows. It shows the founder of ***Planned*** Parenthood's Consortium of Abortion Providers on a conference panel. She recounts a harrowing experience while performing an abortion: ``An eyeball just fell down into my lap, and that is gross.'' Her remarks were greeted with laughter from the audience. It shows another ***Planned*** Parenthood doctor stating: ``The fetus is a tough little object, so taking it apart in the womb is very difficult.'' This comment echoes a previous undercover video in which a ***Planned*** Parenthood doctor says that the bones of a 20-week old fetus were so strong that ``I have to hit the gym for this.'' The video shows the director of abortion services for ***Planned*** Parenthood Gulf Coast saying that she sometimes uses forceps to ``pull off a leg or two'' to ensure an unborn child dies before being born--in other words, to avoid the moment when our Nation's laws might protect that child. The video shows the medical director of ***Planned*** Parenthood in Michigan talking about surprising common ground between abortion doctors and pro-life activists. We might actually both agree that there is violence in here. Let's just give them all the violence, it's a person, it's killing. Let's just give them all that. That is not what they say in public. It certainly isn't what they tell their patients, the women who come into their clinics--just in private, at industry conferences, between networking opportunities and drinks at the open bar. Because they know--deep down, everyone knows the Center for Medical Progress videos shock, but they do not surprise. They don't teach us anything we don't already know. All they do is remind us of an inconvenient truth that demands our attention and our action. It is certainly stirring the pro-abortion political machine into action. As expected, the Center for Medical Progress is once again the target of criminal and civil investigations designed to intimidate further questions about the abortion industry's methods and money. But the truth is out. It is there. As we know, threats and intimidation are tactics of guilt and desperation of the losing side in every battle [[Page S3350]] that has ever been fought. If ***Planned*** Parenthood were what they have publicly declared themselves to be, they would welcome transparency. We all know why they hide because we know what they hide. The question, as always, is not what they will do, but what we will do. And the answer is always ``as much as we can.'' We can start by enforcing existing abortion laws and by reforming others, for example, making the Mexico City policy permanent so taxpayer money is not used to promote abortions to disadvantaged people overseas or ending abortion after 20 weeks when unborn children begin to feel pain. We can confirm Federal judges who follow the Constitution rather than reverse engineer their preferred policy outcomes. The truth about abortion is spreading because of advances in medical imaging, because of brave journalists, tireless activists, compassionate doctors, nurses, and other healthcare professionals. Statehouses are passing laws to protect American women and their children. The rising generation of young Americans is the most pro-life in decades because they know too. Little by little, the truth is fighting free, like green shoots through the frost. One day soon, we will reaffirm our Nation's principles in their dignified fullness and avow, once again, that all men are created equal. All are entitled to life. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. Perdue). The clerk will call the roll. The bill clerk proceeded to call the roll. Ms. MURKOWSKI. Madam President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mrs. Capito). Without objection, it is so ordered. Remembering Sam R. Brice and Howard A. ``Buzz'' Otis Ms. MURKOWSKI. Madam President, over the Memorial Day weekend, Alaska lost two really great men. These men were doers and they were builders in every sense of the word--both literally and figuratively. They were family people, and they were the best of friends to one another and to so many of us. Today I wish to pay tribute to Sam R. Brice and Howard A. Otis-- although, nobody called him Howard. We all knew him as ``Buzz'' Otis. I wish to take just a few moments this afternoon and tell Members of the Senate a little bit about these two very wonderful and great men. You really couldn't find two more genuine Alaskans than Sam or Buzz. Yet neither was born in the State. They came to Alaska. Sam grew up in Florida. He was educated at Columbia University in New York City. So he was a long way from New York City when he came to Fairbanks, AK. He served in the Marine Corps, and then he moved to Alaska to help his parents, Luther and helenka, establish a family construction business there in the Interior. The story is pretty legendary about his mother helenka. His mother spelled her name always with a lower case ``h''. She didn't want the capital, and always made sure that you put the emphasis on the ``len'' in helenka. She was really the epitome of an independent, self-reliant, really strong Alaskan woman, and she wouldn't let anyone forget that. She was very outgoing, vivacious, and had a heart of gold. I think it all wore off on her children. We certainly saw that in Sam. It was said that Sam Brice never met a stranger. He was known for remembering every good deed that others did for him--no matter how many years in the past it may have been, decades after the event. He always generously returned the favor and always remembered to just say: ``Thank you for that''--``thank you for that.'' Sam was one who just did good. He did good throughout the State. Those in rural Alaska have fond memories and affection for a man who helped build their communities and who was a leader. He was a leader of the Associated General Contractors, and in his later years was well known for roasting his fellow contractors at the AGC dinners. He had a great sense of humor, and that humor was really contagious. The lines from Sam's obituary really say everything one needs to know about the man. They are: In lieu of flowers, the family would wish all to remember Sam who lived by example, whether a handshake, a smile, or a contribution; he was always willing to lend a helping hand. Please remember all the different ways Sam has touched people's lives and consciously think how you can make the world a better place, as Sam demonstrated throughout his life. We ask you honor Sam's memory by emulating his compassion to others and be a friend to man. Sam's memorial services were this past Saturday. I was unable to attend. I know the church was packed to overflowing. But as I was in another part of the State that day, I couldn't help but think of those words from the obituary about how we can individually and collectively think about how we can make the world a better place by being compassionate to others, being a friend to others, and living that in our daily lives, as Sam did--truly, truly a great man. His friend Buzz Otis was also a transplant to Alaska. He grew up in Michigan. He was educated at Michigan State and came to Alaska in 1975, thinking he was just going to explore the State for a few months, like so many who come to our State. They think they are just going to come, take a peek, and then leave, but as with many Alaskans, that didn't happen with Buzz. In 1976, he founded a landscaping business in Fairbanks called Great Northwest, and this was really his ticket to business success and to a lifetime commitment to Alaska. I have so many good friends throughout the State who are givers and doers. I just think we Alaskans have a tendency to want to give back to our communities. We help our neighbors. Buzz Otis did that in spades. He was involved in a lot of different levels politically. He was a strong supporter of mine and other members of the Alaska delegation. He served on the Fairbanks North Star Borough Assembly and was elected as its presiding officer. He chaired the Fairbanks Economic Development Corporation and managed the North Pole Economic Development Corporation. He was just involved in so many different aspects of his community. He was an outdoorsman and loved sports. He was a rugby player and had a rugby pitch. He loved the sport of dog mushing and encouraged young people to take it up. He was just always doing, always engaged. He was blessed in life to have a great family and a wonderful, beautiful wife, Renee. That family standing together was a beautiful thing to watch in terms of the support they all gave one another, and it was truly so for Buzz, as a father and as a family man. I just can't think of anything better. Family really does come first. That is ultimately what claimed the lives of these two wonderful men who had so much life left in them. Buzz's son was out on the river, and Sam and Buzz went out to check on him in Sam's plane. It wasn't out of the ordinary to do this. It was good weather, good visibility, and a pretty fair day for the Interior. It turns out that Buzz's son was OK, but the flight ended in tragedy. Sam's plane went down near the Salcha River on the morning of Saturday, May 27. If only this story had a happy ending. Instead, it had somewhat of an Alaskan ending. Sam and Buzz gave their lives doing what so many Alaskans do; that is, looking out for one another, looking out for their families. But we know we don't remember people for how they lost their lives. We remember people for how they lived their lives. Sam and Buzz were truly ``salt of the earth'' Alaskans. They were honest, hardworking, caring, and adventurous. They hired local people, they treated them well, and they were always welcomed back by the communities they served so faithfully. They really dedicated their lives to the betterment of the last frontier, and they never forgot family. Family was always first. Everyone says that you can't say enough about these people, and it is true. So I will conclude my remarks and just simply express the Senate's condolences to the Brice and Otis families: to Joan Brice, to Renee Otis, to their children, and to their families--great families-- destined to carry on the legacies of Sam Brice and Buzz Otis. 75th Anniversary of the Aleutian Campaign We just recognized Memorial Day last week in our respective States. I [[Page S3351]] was pleased to be with many Alaskans as we observed Memorial Day. We clearly revere those who serve in our military. In Alaska, we are home to more veterans per capita than any other State in the Union. This year, I was privileged to host a most distinguished veteran at Alaska's official State veterans' memorial. This is located in a place called Byers Lake, which is midway on the Parks Highway between Fairbanks and Anchorage. It is extraordinarily picturesque. It is very tranquil. It is almost a spiritual place in many, many ways, as we look out to Denali in the background, being surrounded by the memorials for honoring those veterans who have served us. But I was able to bring to that gathering a very distinguished veteran, our Secretary of the Interior, Ryan Zinke, a former Navy SEAL. This following week, just on Sunday, I was able to do yet another Memorial Day. Our focus was not on those who gave their lives on foreign soil but in a battle for American soil. Our focus this past Sunday was on what is known as the ``forgotten battle'' of World War II. It was the bombing and subsequent occupation of the Aleutian Islands of Alaska by Japan. It was a yearlong campaign, and for those of us in Alaska, it is a campaign that we often speak about and we share the stories. There are veterans of that campaign who are still around today, sharing stories with us. They are living legends, if you will. I recognize that for many, if you were to ask them whether the United States has ever been occupied--occupied in World War II--they wouldn't know. I think, unfortunately, the name the ``forgotten battle'' may be just exactly that. Most Americans don't recognize that the Aleutians were occupied by the Japanese, that Americans were killed in defending our homeland, and that some of the indigenous people were either transported to Japan as prisoners of war or evacuated to the southeastern coast of our State, a thousand miles away. Making sure this ``forgotten war'' is not forgotten is a mission for me. It is an important part of our Nation's history. Again, that Aleutian Campaign was a yearlong campaign--fighting weather and terrain with equipment that was clearly not up to the challenge--to reclaim U.S territory from a determined Japanese force. A little bit of the history: On June 3, 1942, Japanese forces bombed Dutch Harbor and, over the succeeding days, occupied the islands of Attu and Kiska. These islands were occupied by Native people who had been there over a thousand years. It was not until May of 1943 that Attu was retaken, and 549 U.S and Allied troops were killed in combat. But there is evidence that the U.S and Allied losses in the Battle of Attu were much higher as a result of exposure, disease, Japanese booby-traps, friendly fire, and frostbite. Let me just tell you, the elements out there in the Aleutians are particularly harsh. When you don't have the equipment, it makes it even more so. The war in the Aleutians came at a great price for our Native people who had lived on those lands for thousands of years before the war. The homes were burned, churches were burned, and 881 of the Aleut residents of 9 separate villages were relocated to abandoned mining and fishing camps in Southeastern Alaska, where they were forced to live under some pretty tough conditions. At the remembrance event that I attended in Alaska on Sunday, some of the evacuees were at the ceremony. They were there. They shared their stories about what it meant to literally be ripped from their village-- without having any idea what was really going on--and then sent to an area that may have been a foreign country to them. On the Aleutian Islands, the environment is entirely different from that of a cannery in in Southeast Alaska. But what was extraordinary about these evacuees was, despite the very harsh, difficult, and, in many cases, horrible conditions, they never gave up. They didn't give up hope, and they certainly didn't give up their patriotism. Twenty-five men from the evacuated villages chose to join the fight. Three men joined the retake of Attu. All were awarded the Bronze Star for their valor. I think it is important to remember that the many lessons to be learned from the Aleutian Campaign. America once perceived itself as a nation oceans away from foreign threats. Today, I think it is unthinkable for us to think that any of our territory could be occupied by a foreign power. But we must never forget that during World War II, a portion of the United States was occupied, and it was occupied in those days, as today, because Alaska is a ***strategic*** location. These lessons cannot and should not be lost to history. We all know the saying that those who forget history are condemned to repeat it. The Japanese incursion occurred less than a decade after GEN Billy Mitchell testified that Alaska is indeed the most ***strategic*** place in the world. The incursion taught our Nation a vital lesson--that the defense of America begins in Alaska. Fortunately, the lessons of the Aleutian Campaign and Alaska's ***strategic*** location are not lost on today's military planners. Let me walk you through what we see in the State of Alaska right now, recognizing the proximity of Alaska to some of the hot spots around the world, whether it is North Korea, Russia, or China. Alaska is seeing a renaissance when it comes to our military presence. We see it at Joint Base Elmendorf-Richardson, where Air Force F-22s and AWACS launch to acknowledge their Russian counterparts that are flying in the Air Defense Identification Zone. We see it at Eielson Air Force Base, which is preparing to receive two squadrons of F-35s beginning in 2020. We see it in the soldiers of the 4th Airborne Brigade Combat Team in Anchorage, who are now waiting deployment to Afghanistan. We see it in the soldiers of the 1st Stryker Brigade, who will soon begin their rotation of pre-deployment training at the National Training Center. We see it in the crews who are staffing ballistic missile radars in the State, looking very carefully at North Korea. We also see it in the patriotic construction workers who will begin building the new long- range missile discrimination radar at Clear Air Force Station this summer and on the missile fields of Fort Greely, ready to intercept an ICBM aimed at the North American continent from wherever. We see it in the Navy SEALs who train in Kodiak and in the coastguardsmen who protect our coastline from Metlakatla in the south, all the way north to the Arctic. I think it is very clear that never again will the United States leave Alaska undefended, which brings me back to the characterization of the Aleutian Campaign as the forgotten battle. Seventy-five years ago, U.S and Allied troops were called upon to repel an invader who occupied U.S soil. We in Alaska, particularly, will never forget that fact, but neither should America. Ignoring the fact that war has been, in fact, waged on U.S soil in this last century is a dangerous and a tragic thing. Let's resolve on this 75th anniversary of the start of the Aleutian Campaign that the forgotten battle is be forgotten no longer. As I prepare to leave the floor, I would be remiss if I didn't add that at the remembrance event in Unalaska this weekend, it was not only an opportunity for many of the remaining evacuees to come together in Alaska--for some it was their former community; others were from the Pribilof, Kiska, and Attu. It was a coming together. It was a homecoming for some, but there was also an effort to bring together many of our veterans who had served in the Aleutian Campaign and whose only exposure to the Aleutians was when they came in to defend that territory. To have the exchange between those who had been forced from their homeland and those Americans, those veterans who had come to help--to have them united in a conversation for the first time ever was an exceptional American story. Over the course of 3 days, the sharing of stories was a remarkable opportunity for us. I had a chance to speak with one of our World War II veterans who said: I always knew what our part of the fight was about, but I had no idea how what we were doing from the war effort had impacted these displaced people--the original people of the Aleutian Islands. To have that sharing, again, was a remarkable part of the story. [[Page S3352]] Then, to complete that picture, there were several individuals who were part of a Japanese film production company and were there to do the filming of this 75th remembrance because, as they said: This is an exceptional part of our history coming together too. Recognizing, sharing that, and allowing the stories, again, to ensure that this is not forgotten was a very significant and, I think, healing opportunity for so many. Madam President, I thank you for the opportunity to share this important part of our history, ensuring that the forgotten battle is not forgotten. With that, I yield the floor. The PRESIDING OFFICER. The Senator from Hawaii. Deportation of Andres Magana-Ortiz Ms. HIRONO. Madam President, today the Secretary of Homeland Security has the opportunity to prevent an injustice and keep a family together. At 9 a.m Hawaii time, Andres Magana-Ortiz was scheduled to report to the Immigration and Customs Enforcement office in Honolulu to be deported from his home of nearly 30 years. Andres was brought to America when he was only 15 years old. In the years since, he has raised three children who are U.S citizens, is married to a U.S citizen, has built a business, and has distinguished himself as a hard worker and a pillar of the South Kona community in Hawaii. Andres' immigrant story is one familiar to so many American families. After working for more than a decade as a laborer on coffee farms across the Big Island, Andres saved enough money to buy his own farm. In the years since, Andres has taken on management of 15 other area coffee farms. Suzanne Shriner, president of the Kona Coffee Farmers Association, put it best in her letter of support for him when she said: Mr. Ortiz is a true example of the American Dream. Rising from a farm worker to a farm owner, he has created a successful business through hard work. He has sent his children to college. And he has given back to his community, by working with other farms and farmers to control an invasive pest. His story is why we need to find a path to citizenship for these vital members of our farming community. Andres has three children. Victoria, age 20, is a junior at the University of Hawaii. Paola, age 14, and Hector, age 12, are still in middle school. Their lives will be shattered without their father. Andres remains on very good terms with his first wife, Veronica Ledesma Magana. In a letter she wrote to me, Veronica shared how much Andres cares for his children and how devastated they would be if he is forced to leave. She said: Andres is a wonderful father to our children. They depend on him for so much and need him during these years that are so important to their development as human beings and citizens of the United States. Paola and Hector are children with special education needs. This has been very hard for us as parents, but together we have worked to help her through school and life. I am not able to support this family by myself. Andres is an amazing role model to my children. He is a patient, loving, and supportive father to them in whatever they need. Victoria, Paola, and Hector love Andres very much and would go through extreme emotional hardship if he is deported. She continues: My oldest daughter will need to halt her college career to help me support Paola and Hector, especially because this deportation would bar him from returning to the [United States] for 10 years. My children deserve a father to care for them, they deserve the educational opportunities he can offer them, and the love he shares with them every day. I couldn't agree more. In September 2014, Andres received a stay of removal in order to pursue various paths to achieving legal status. In fact, he has a pending application to receive such legal status. Last November, he applied for an additional stay. Without warning or explanation, the government changed its position in March 2017 and ordered that he be removed. At that point, Andres filed for relief in Federal court. His case ultimately reached the Ninth Circuit Court of Appeals, where his request for an emergency stay was denied. Although the Ninth Circuit found it could not stay his removal, the chief judge of that court, Judge Reinhardt, issued a powerful, concurring opinion that clarifies the injustice in this case and made a powerful moral argument against President Trump's immigration policy. Judge Reinhardt wrote: It was fully within the government's power to once more grant his reasonable request. Instead, it has ordered him deported immediately. In doing so, the government forces us to participate in ripping apart a family. Three United States citizen children will now have to choose between their father and their country. If they leave their homeland with their father, the children would be forced to move to a nation with which they have no connection. All three children were born in the United States. None has ever lived in Mexico or learned Spanish. Moving with their father would uproot their lives, interrupt their education, and deprive them of the opportunities afforded by growing up in this country. If they remain in the United States, however, the children would not only lose a parent, but might also be deprived of their home, their opportunity for higher education, and their financial support. Subjecting vulnerable children to a choice between expulsion to a foreign land or losing the care and support of their father is not how this nation should treat its citizens. President Trump has claimed that his immigration policies would target the ``bad hombres.'' The government's decision to remove Magana Ortiz shows that even the good hombres are not safe. Mr. Ortiz is by all accounts a pillar of his community and a devoted father and husband. The court went on to say: It is difficult to see how the government's decision to expel him is consistent with the President's promise of an immigration system with ``a lot of heart.'' I find no such compassion in the government's choice to deport Magana Ortiz. We are unable to prevent Magana Ortiz's removal, yet it is contrary to the values of this Nation and its legal system. Indeed, the government's decision to remove Magana Ortiz diminishes not only our country but our courts, which are supposedly dedicated to the pursuit of justice. Magana Ortiz and his family are in truth not the only victims. Among others are judges who, forced to participate in such inhumane acts, suffer a loss of dignity and humanity as well. I concur as a judge, but as a citizen I do not. Judge Reinhardt made an important point, and I agree. The government has the power to prevent this family from being torn apart. Even now, Secretary of Homeland Security John Kelly can issue an administrative stay to let Andres stay in this country while the government processes his application to receive legal status. Earlier this week, I spoke to Secretary Kelly on the phone to discuss Andres' case and to urge him to issue a stay that would allow him to stay in this country. Hawaii's congressional delegation has also written him a letter and provided a variety of other letters of support that Andres' friends, family, and neighbors have written on his behalf. Secretary Kelly, I renew our call once more: Let Andres stay in our country. Let his children have a father present and active in their lives. It is not too late to keep this family together. This entire ordeal speaks to the fear and anxiety spreading through immigrant communities across our country. Even the good hombres, as Judge Reinhardt called them, are at risk of being torn away from their families. In an email, a spokesperson for ICE said: ``While criminal aliens and those who pose a threat to public safety will continue to be a focus, DHS will NOT''--and the word ``not'' is in all caps--``exempt classes of removable aliens from potential enforcement.'' This is chilling. It means that 11 million people in our country will live in fear that they could be deported at a moment's notice. We must pass comprehensive immigration reform that provides a pathway to citizenship and which prioritizes the unity of families. Andres' case is a tragedy, if not averted. There will be more cases like his in Hawaii and across the country. We must continue to fight on behalf of the good hombres and not stop until we succeed. I would like to conclude by reading part of a letter I received from Gerald Personius, one of Andres' friends and a fellow coffee farmer from Captain Cook. He said: Andres is a courageous, honest, caring, and dedicated person. So I ask you as a citizen of our beloved country to do the best you can to help this man continue to pursue his citizenship. He will not let America down. We cannot let Mr. Ortiz down. I yield the floor. Madam President, I suggest the absence of a quorum. [[Page S3353]] The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. SCHUMER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. The Democratic leader. Russia Investigation Mr. SCHUMER. Madam President, I would like to address the hearings that concluded just a few hours ago. After hearing Mr. Comey's testimony today, America is stunned. The cloud hanging over this administration has just gotten a whole lot darker. I commend both the chairman, Senator Burr, and the vice chairman, Senator Warner, for the way they ran this hearing. The Senate and the American people are better informed as a result of their work. Few committee hearings in the history of the Senate have ***produced*** the kind of eye-opening testimony we heard today. In its wake, I would like to make a few points. First, for weeks, media reports indicated that the President had directly and indirectly pressured the FBI Director to end the FBI's investigation into General Flynn. Innuendos and intimations swirled around. But we now know much more of the truth. There is now no doubt that Mr. Comey understood the President's request that he let go of the investigation into General Flynn--in a meeting during which it was discussed whether Mr. Comey would keep his job as FBI Director--as a direct effort to prevent that investigation from going further that looks a lot like a quid pro quo. During questioning from a Republican Senator, Mr. Risch, Mr. Comey told us that he took the President's conversation with him about the FBI investigation into General Flynn as a directive to scuttle that investigation. It is clear that President Trump's legal defense is to refute Mr. Comey's account. Well, the President threatened Mr. Comey with the release of tapes of their conversations. Presumably that includes the conversation in which President Trump asked Director Comey to ``let go'' of the Flynn investigation. It is awfully curious that no one from the President's team will either confirm or deny the existence of the tapes when the tapes are the only way to prove that Mr. Comey's testimony, which came under oath, is false or misleading. If President Trump disagrees with anything the Director has said today, he should play the tapes for all of America to hear or admit that there were no tapes. Second, Director Comey's contrasting view of the Clinton email case and the Russia case is telling. Mr. Comey did not wish to see a special counsel in the Clinton case because he looked at the facts and determined there wasn't a case for one. With respect to the Russia probe, the Director examined the facts and felt there was enough potential evidence that a special counsel was warranted. Again, the contrast is telling. Democrats and Republicans alike and the American people as well should be pleased that the investigation is in the hands of former Director Mueller. Third, the hearing raised serious questions about Attorney General Sessions that he and the Justice Department must answer immediately. Senators Wyden and Harris repeatedly asked Director Comey about Attorney General Sessions' involvement in the investigation before he recused himself. Director Comey didn't have direct knowledge of his involvement but made clear that he suspected that the Attorney General needed to recuse himself weeks before he

actually did so and that he could not share the reasons for that in an unclassified briefing. So we need to know the answers to a number of questions regarding the Attorney General. The Senate Intelligence Committee investigation and Special Counsel Mueller ought to get to the bottom of this matter. In conclusion, Mr. Comey's testimony has been very enlightening, but there is much work ahead for investigators in Congress and those under the direction of Mr. Mueller. Thank you. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. McCONNELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Unanimous Consent Agreement--Executive Calendar Mr. McCONNELL. Madam President, I ask unanimous consent that at 5 p.m on Monday, June 12, the Senate proceed to executive session for consideration of Executive Calendar No. 65. I further ask that there be 30 minutes of debate on the nomination, equally divided in the usual form, and that following the use or yielding back of time, the Senate vote on confirmation of the nomination with no intervening action or debate, and that if confirmed, the motion to reconsider be considered made and laid upon the table and the President be immediately notified of the Senate's action. The PRESIDING OFFICER. Without objection, it is so ordered. Order of Procedure Mr. McCONNELL. Madam President, I further ask unanimous consent that following disposition of Executive Calendar No. 65, the Senate resume legislative session and consideration of the motion to proceed to S. 722, with all postcloture time considered expired. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. McCONNELL. Madam President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. SULLIVAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Tribute to Marty Shoryer Mr. SULLIVAN. Madam President, every week for some months now, I have been coming to the Senate floor and I have been using the opportunity to talk about someone in my State, the great State of Alaska, who has made a difference. We call that person the Alaskan of the Week. These are individuals who are unsung in many ways and who are doing something for their community, for their State, and in many ways are inspiring everybody. I am a little biased, but I believe I live in the most beautiful State in the country, probably the most beautiful place in the world, full of wonderful people and beautiful landscapes, and we certainly encourage everybody here in the Senate or those who are watching on TV to come to Alaska and experience it themselves, and they will have the trip of a lifetime, guaranteed. We are also blessed to live in a land that provides so much for our physical and spiritual needs. It is a very spiritual place. Alaskans are hardy people; however, like anyplace in the country, people have tough times. Some people are more fortunate than others. But thankfully we have people all across our State--like we have people all across America--who give of themselves so that those in difficult situations can receive the care they need. Today I want to take you to Kotzebue, AK, or what we often just refer to as Kotz. Kotz is about 550 miles northwest of Anchorage, 26 miles north of the Arctic Circle in Alaska's Northwest Arctic Borough. About 3,000 people live in Kotzebue. It is one of our bigger villages, and it is a hub for dozens of smaller villages that dot this enormous, beautiful region. Like most of Alaska, it is cold in the winter, and it is beautiful now under a never-setting Sun. The midnight Sun in Kotz is high in the sky. There are wonderful people there. Like most places in Alaska, particularly in smaller villages in rural Alaska, community is everything. People take care of each other. People band together to help each other overcome challenges that can exist in the extreme environments we have in Alaska. Let me tell my colleagues today about Marty Shoryer, who is one of the very generous residents of Kotzebue and who is our Alaskan of the Week. Born in Kotzebue, Marty is the general manager of Kotzebue Electric Association, where he has worked for more than 24 years. He has been married to his wife Lucy since 1977. They have six children and seven grandchildren. In his free time, he fishes--very common-- plays hoops, and loves to cook for his family. He is also involved in [[Page S3354]] the Boys and Girls Club and his Tribal government. But here is why I want to talk about Marty and why he has been such an inspiration not only in Kotzebue but throughout the State. On Thanksgiving 2015, Marty got sick, and over the next several weeks, he had to go to the hospital repeatedly. While he was there, he noticed a group of people who would gather around the free coffee that was served at the hospital. He approached one of them, a woman named Jo-Ann, and asked a very simple question: ``Why do you guys hang around here? What are you doing?'' She told him: ``Well, we don't really have another place to go right now.'' This disturbed Marty greatly. At that time of year in Kotzebue, it can get down to 20 and 30 below zero--a difficult place. ``You guys must be hungry,'' he said to Jo-Ann, and she said that they were. So the next day and the day after that--5 days a week--Marty and Lucy together used their own money and their own lunch hour during the workweek to make sandwiches--a simple act--30 to 40 sandwiches for that group at the hospital. Every day, every person who needs one gets a sandwich, sometimes turkey and cheese, sometimes caribou or sheefish spread. Marty is anxious for the salmon season to start so he can make salmon spread sandwiches. They also get a juice box and dessert. Simple but generous. Recently, another generous Kotzebue resident, Sophie Foster, began making sandwiches as well, and before you know it, we have a whole community that is doing this, taking this simple example and getting involved. So now some people drop off cinnamon roles or fruit. Others bring back bulk items when they travel to Anchorage. Dozens of people in Kotzebue, AK, are now helping in this effort because of Marty's simple act. People like Marty and his wife Lucy make my State truly unique and a wonderful place. His generosity--doing something seemingly so simple: making a sandwich for someone who is hungry--has now had a big impact not only in Kotzebue but in Alaska. Marty didn't know the impact he would have when he began making sandwiches. ``I was just trying to help a few people that day, make them happier.'' Marty's actions have initiated a growing conversation in Kotzebue about how best to take care of people who need help. It has drawn attention to homelessness and hunger--very important issues not only in Alaska but throughout the country. Marty spurred this important conversation in Kotzebue and in our State through his simple actions, and that has inspired all of us. Congratulations, Marty, for what you are doing, for your simple acts of inspiration, and for being our Alaskan of the Week. Madam President, I yield the floor. The PRESIDING OFFICER. The Senator from Missouri. Travel and Tourism Mr. BLUNT. Madam President, I come to the floor today to highlight the importance of travel and tourism in our economy and also to make the point that we are welcoming of people from other countries--and we are welcoming of people in our country, as well--who want to be part, for a short time or a long time, of America. The travel and tourism business is an incredibly important part of the tourism economy. Last month, I, along with my fellow cochairs of the Senate Travel and Tourism Caucus--Senator Amy Klobuchar, Senator Dean Heller, and Senator Brian Schatz--led the Senate in the passage of a resolution recognizing the week of May 7 as National Travel and Tourism Week. There are really good statistics--whether it is Missouri or West Virginia or the country at-large--on this topic. One out of every nine jobs in the United States depends on travel and tourism. It accounts for over 15 million jobs nationwide. International travel to the United States is our single largest export industry. The single largest thing where people bring money into our country is tourism to the United States. It generates a trade surplus of roughly $87 billion. As to that trade surplus with foreign travelers, foreign travelers stay longer, they spend more, and they like us better when they leave--virtually 100 percent of the time--than they did when they got here. Even if they thought they were going to like us a lot, they wind up liking us more. If they questioned whether they were going to like us at all, they almost always wind up on the very positive side of that question. So it is not only a huge economic benefit of $87 billion, but it is also a huge foreign policy benefit--a huge diplomatic benefit. It is just like when students come here and go to school. They have a connection to the United States that is almost always positive. It is so positive that many of them would like to stay, with that bachelor's degree or that engineering certificate and degree, because they have liked what they found when they were here. So $87 billion is the surplus from just international travelers to the United States. But all told, travel and tourism generates nearly $2.3 trillion in annual economic input for our country. In Missouri, it has been estimated that the tourism industry, which is usually right behind ***agriculture*** in the list of our top industries, provides more than $15 billion in annual economic impact and directly supports almost 300,000 Missouri jobs. When international tourists come here and spend their money at hotels, restaurants, and shops, they are not only supporting U.S businesses, but they are contributing to local, State, and Federal tax revenue. We have a great deal to offer when it comes to attracting these international visitors. We also have a lot of things we can do as a Congress to make a difference in how people travel and where they travel. We have a role to play in promoting the United States as a travel destination and in helping our State and local tourism economies be a part of that travel. The Visa Waiver ***Program*** is sometimes questioned by some of our colleagues who say anybody can get on a plane in any of these visa waiver countries, and we particularly hear that when something bad has just happened in 1 of those 38 countries--Great Britain, France, or Germany. We hear: Anybody could come here because they don't have to go to the U.S Embassy and get a visa. Except that is not how it works. That is not how the Visa Waiver ***Program*** works at all now. It does enable citizens of the 38 countries that we include to travel here for tourism and business for 90 days or less without the need to obtain a specific visa. By the way, in return, Americans go to those 38 countries without having to go to the Embassy of that country and get a visa and have an interview that allows them to travel there. So that is both ways. Most importantly from our perspective, as to people who are coming here, the ***program*** has a lot of security built into it. For all the travelers who come, the Visa Waiver ***Program*** is administered by the Department of Homeland Security. It works in consultation with the State Department. Visa waivers use a risk-based, multilayered approach to detect and prevent terrorists, criminals, and other bad actors from traveling here. If you have been in some country lately that we don't think you should have been in, if you have a history of travel back and forth to countries and we have had bad experiences with people who have been in those countries, not only do you not get a waiver but you are in for a much more extensive interview than if we were trying to interview everybody from all of those 38 visa waiver countries who wants to come to the United States. The President announced about 4 months ago that we were going to have a more extensive visa process in countries that need a visa, but that also can be a more extensive visa process in countries that have visa waivers, if someone requires more vetting. If someone does not want to submit to additional vetting, then they don't have to come to the United States of America. Those kinds of questions are easily answered There are comprehensive vetting ***programs*** for individuals prior to the time they can get here--as well as when they get here--if they are in that visa waiver structure. So visa waiver works. I think the visa ***program*** is working now with more extensive vetting than we have had in the past. The ***program*** requires participants to have an electronic passport that has a chip in that passport that makes it virtually impossible to suggest that you [[Page S3355]] are somebody or to try to pretend that you are somebody who you are not. The passport is much more secure than it used to be--both our passports and passports from those countries. In 2015, I worked with a bipartisan group of our colleagues to reform and improve this ***program*** and to secure that its robust security protocols would work as intended. We were also able to remove visa waiver eligibility for nationals of participating countries who have visited a country with a terrorism nexus, and for foreigners who participate who are originally from countries that may pose a terrorist threat. There are ways to screen that process that Americans should feel secure about. Frankly, it is a process that is getting better all the time. It is still not absolutely without risk. Travel has some risk. But thousands of people are bringing billions of dollars in tourism revenue to our economy, to see our country, and to pay our taxes. We ought to be sure we are minimizing the risk and maximizing the welcome for people we want to travel here. I also worked with my colleagues twice now to offer a public-private partnership called Brand USA. The United States of America, just a few years ago, was one of the few countries in the world that made no real effort to encourage people in other countries to visit our country. In 2014, Senator Klobuchar and I worked to reauthorize Brand USA through 2020. In a combination of visa waiver fees and private dollars, efforts have been successfully made to encourage people who want to be part of our economy--even for a short period of time, as a tourist. It is estimated that across all markets, each dollar of Brand USA marketing generated more than $30 in visitor spending. Let me repeat: everywhere we spent a dollar of Brand USA--and that is a public-private dollar-- more than $30 came to the United States, it is estimated, because of that. It is important for the Senate to support ***programs*** that work. Brand USA is one of those ***programs***. The Visa Waiver ***Program*** and many others have significant, positive economic impacts on our country, on individual States, on local communities, and, by the way, on people whose business and travel necessarily take them to other countries. Travel and tourism is one area where we have successfully worked together in a bipartisan manner. I hope we can continue that progress in this Congress. I will keep working with my colleagues to ensure that we have the right policies in place to keep Americans safe, while allowing our travel and tourism industries to continue growing and creating jobs. Madam President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The senior assistant legislative clerk proceeded to call the roll. Mr. CARPER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Blunt). Without objection, it is so ordered. Mr. CARPER. Mr. President, when I came onto the floor, you were not presiding; you were on the floor talking about the Visa Waiver ***Program***. It is an agreement we have with almost 40 other nations that allows for the free flow of visitors from those countries to our country. It is viewed, in part, as a way to promote tourism and help grow that part of our economy and the economies of the other 38 or 39 nations with which we already have this agreement. Some people believe it is a gaping hole for fomenting terrorism and giving terrorists the ability to infiltrate our countries and do mischief here and other places around the world. I applaud the Presiding Officer, the Senator from Missouri, for actually explaining how the system works. It is actually not just a way to enhance and promote tourism, which is important to all of our economies, it actually enhances our security if done well, done right, and done correctly. I say to the Presiding Officer, the former chairman of the Senate Committee on Homeland Security, I appreciate very much your making those comments today. Resolution Condemning Recent Terrorist Attacks I am going to do something today, Mr. President, that I have never done before. I have never come to the floor and actually read a resolution or a piece of legislation that we are going to be voting on later today. This is a resolution that came out of discussions yesterday as we were contemplating voting on additional sanctions with respect to Iran--sanctions not related to violations of the joint agreement on nuclear weapons. They appear to be in full compliance with what they professed to do, promised to do a year or two ago. There doesn't seem to be a question that they are doing what they promised to do, and that is good. There is what we believe is an obvious violation of U.N requirements that say the United Nations doesn't believe that Iran should be testing ballistic missile systems. Even though they have no nuclear weapons--we don't believe they are going to have them anytime soon; hopefully not, because that would help spark a nuclear arms race in that part of that world--we still have, along with the U.N , this prohibition against them developing and testing ballistic missiles. They have violated that a number of times, and a lot of other nations, including us, are concerned about that. We have before us this week and again next week legislation dealing with that. My hope is that next week we will consider that legislation and have a chance to offer amendments to it. My strong hope is that we will not only be talking about our desire to see Iran fully comply with the U.N guidelines but that we will also couple with that legislation sanctions dealing with Russia. This is a country that continues to make mischief in this country and countries around the world. Today, a lot of attention was riveted on the testimony by former FBI Director Jim Comey on whether there was an attempt by the Russians to influence our Presidential election last year. All 17 intelligence agencies in this country have decided unanimously that the question is not only did they attempt or want to influence the outcome of the Presidential election--they all say yes. The answer is yes. All those intelligence agencies say yes. The second thing they said is that they feel the Russians succeeded in what they wanted to accomplish because the person they wanted to see defeated--Secretary Clinton--lost, and the person they wanted to see win--Donald Trump--won and now serves as President of the United States. The issue that is going on right now in the hearings before the Intelligence Committee involve whether there was collusion between the Trump organization and the Russians during or prior to the time of the election. Ultimately, we will find out the truth, and we will let the chips fall where they may. I think we make a mistake in simply going forward and admonishing the Iranians for testing ballistic missile weapons while at the same time this effort by the Russians to really make a mockery of our election system and change the governance of this country is a far greater threat. My hope is that when we come back and take up these issues next week, that we will not address only the one involving Iran but that we will address in a thoughtful way the actions the Russians have taken and not let them get away with this. That is the debate for next week. In Iran, actually 2 or 3 weeks ago, they had elections. I have spoken about this before on the Senate floor. The elections they had were Presidential elections. Here in this country, we have Presidential elections every 4 years. As it turns out, in Iran they have them every 4 years as well. In this country, most people age 18 and older are eligible to vote. The percentage of people among the electorate who actually vote is not great. Actually, for the longest living democracy in the history of the world, it is sometimes a bit disappointing. But the percentage of people who turned out to vote in the Presidential election in Iran a few weeks ago approached 75 percent, which is a good deal higher, I believe, than what we have accomplished in recent years. They have a lot of young people in that country, and the average age of the 80 million people who work there is under the age of 25. It turns out that the young people--not like the young people in Vietnam and a bunch of other countries--they like our country. They want a better relationship with our country, and the voting that occurred in Iran 2 or 3 weeks ago actually reflected that. President Ruhani ran on a campaign that included better relations with, [[Page S3356]] among others, the United States. And I think the election of a lot of mayors in places like Tehran, the capital of Iran, which has changed from a hardliner who didn't agree with President Ruhani's views on this matter--they were turned out of office. That is all a very encouraging development. There are still people in that country who don't like us, and they wish us harm, wish us ill, and they support terrorism. This is a source of concern. But, particularly with the younger people there, it is a new day there, and I think that is encouraging. We shouldn't be blind to the mischief that some in their country would create, but we also shouldn't be blind to the encouraging things happening among the young people, especially reflected in the voting. We congratulate them on actually having an election where that many people voted. In some other countries around the world where Muslim is the principal faith, they don't allow women to vote. They don't allow women to participate in the elections, and they don't allow them to get elected. In Iran, the elections in I think Tehran, in the city council alone--women do vote in Iran. They get to run for office. I think in the city council in Tehran alone, six women were elected to serve on the city council. So that is a positive. We commend them for having elections, and it is their job to figure out whom they are going to elect. I am personally encouraged by the turnout and the participation, especially of women, the election of women, and the President and a lot of young leaders in that country who have different view of us and their willingness to work with us and other like-minded nations in the future. On the heels of the election, roughly 2 weeks later, there were terrorist attacks in London, in Britain, I think in Australia in the last couple of weeks, and, in the last few days, in Iran. Their Parliament was attacked. You can imagine terrorists coming in and attacking those of us who work in this building, whether they happen to be the pages or Senators or staff. That is what happened in Tehran a couple of days ago at 10 o'clock in the morning, with folks breaking into Parliament and trying to kill folks. They also attacked a sacred site--I think a mausoleum--in another part of the country. Close to 15 people were killed, and many times that number were wounded, some very seriously. On the heels of that attack and on the heels of the election, on the heels of the attack by ISIS--in both of the attacks on Iran, the attacks were masterminded apparently by ISIS. We don't know for sure given that ISIS tries to take credit for attacks they had nothing to do with or little to do with. But there are people in Great Britain who have lost loved ones, family members, friends. They are suffering, they are hurting, and they are mourning today, and the same is true of Iran. Great Britain is one of our two or three closest allies in the world. They are like brothers and sisters to us, and we feel a special kinship and extend our condolences to those whose lives have been ended, whose lives have been shattered, and whose lives will be forever changed. While we do that with our friends and allies in Britain who suffered from these attacks by ISIS, on the heels of a different kind of election in Iran--an encouraging election in Iran--and similar attacks by ISIS on Iran--some suggest it is because they have a willingness to actually have a better relationship with us, and maybe that is what drew the attacks by ISIS. In any event, we certainly express our condolences to the good people in Iran who lost their brothers, sisters, parents, aunts, uncles, and sons, and we remember them today. The resolution has been drafted by Senator Corker, the chair of the Foreign Relations Committee, and by Senator Cardin. It is a resolution that is not very long. I am going to read it. It is a resolution that dates to these attacks and mentions both countries I just mentioned-- Great Britain, our ally, and Iran, with which we have had difficulty for the last 30, 40 years but which is now interested in a new day with us. To the extent that we can find a way to work together, especially in commerce, the Iranians want to buy aircraft from us. They want to buy Boeing aircraft. They don't want military aircraft. They have an airline which is just awful. It is decrepit, old, aged, and they want to buy $10 to $12 billion worth of Boeing aircrafts, passenger airlines. I would say let's sell to them. The idea is, if we would do that, we would not just put 5 or 10,000 people to work, we would provide job employment opportunities for even more people than that in this country. Why wouldn't we be interested in that? I hope we will allow that to go forward. It would be good for us and also it would be good for them, and maybe it would provide a foundation for working more closely together. I don't know if we would have the kind of relationship that we have with Britain, but as a veteran of the Vietnam war, I can state that when I go for a run some mornings--when I stay down here and go for a run early in the morning, I run down to the Lincoln Memorial. I always run by the Vietnam Memorial. I take my fingers, and as I go along the wall, I let my fingers brush over the names of the people with whom I served, and there are 55,000 who died in that war. They were our friends, our colleagues, our family members, people we literally served with at that time, and they are gone. Yet somehow we have been able to let bygones be bygones and develop a close, august friendship with the Vietnamese. We are their strongest trading partner. They are buying a lot of aircraft from us these days, and we are now going to sell weaponry to them. We are not going to do anything like that with Iran, certainly with respect to weaponry, but if we can get over finally our difficulties of war and hostilities and so forth with the Vietnamese, maybe we can someday, with a change in leadership with Iran, begin to look more toward a constructive relationship in the future. The other thing I want to do is, I just want to take this resolution and actually read that which Senators Corker and Cardin and their staffs have worked on and thank them for their good work. There will probably be a vote later this evening in wrapup, where there will be a unanimous consent request that this bipartisan resolution be approved. I think it is a good thing, it is the right thing, it is a fair thing. How would we want to be treated by other countries if ISIS attacks us and kills our people? We want them to be sympathetic and have some feeling for us and not be quiet about it. That is essentially what we want to do here. The resolution goes something like this: Condemning the recent terrorist attacks in the United Kingdom, the Philippines, Indonesia, Egypt, Iraq, Australia, and Iran. It offers ``thoughts and prayers and sincere condolences to all of the victims, their families, and the people of their countries.'' Whereas since May 22, 2017, the Islamic State of Iraq and Syria (ISIS) has claimed responsibility for multiple terrorist attacks against civilians that have left more than 180 dead and many more wounded. Whereas ISIS frequently claims attacks perpetrated by individual actors or other groups for propaganda purposes. Whereas the people of the United Kingdom are grieving following two terrorist attacks claimed by ISIS in London on June 4 and Manchester on May 22 that targeted and killed innocent men, women, and children. Whereas government forces in the Philippines are currently fighting ISIS militants in Mindanao, including ISIS- affiliated fighters from the Philippines, Indonesia, Malaysia, Chechnya, Saudi Arabia, and Yemen, who launched an assault in Marawi City on May 23 in an apparent effort to establish a caliphate in Southeast Asia. Whereas ISIS has claimed responsibility for two explosions in Jakarta, Indonesia, killing three policemen. Whereas ISIS targeted Coptic Christians in Egypt during an attack on a bus on May 26, killing 29 people. Whereas 22 people were killed when ISIS detonated a car bomb at a Baghdad ice cream parlor, killing Iraqi families gathering with their children to break the Ramadan fast, and then detonated a second bomb killing elderly Iraqis collecting their pensions. Whereas a terrorist attack claimed by ISIS killed one person in Melbourne, Australia, and wounded three police officers. Whereas on June 7, in an attack claimed by ISIS, at least 12 people were killed when gunmen and suicide bombers targeted Iran's parliament and a shrine-- I believe it was a mausoleum or where one of their earlier leaders was entombed, enshrined-- in two coordinated attacks across Tehran. Whereas these reprehensible attacks have no place in a peaceful world: Now, therefore, be it [[Page S3357]] Resolved, That the Senate-- (1) condemns ISIS' horrific terrorist attacks in the United Kingdom, Philippines, Indonesia, Egypt, Iraq, Australia, and Iran; (2) expresses its deepest condolences to the victims of these attacks and their families; (3) expresses solidarity with the people of the United Kingdom, the Philippines, Indonesia, Egypt, Iraq, Australia, and Iran; (4) recognizes the threat posed by ISIS and recommits to U.S leadership in the Global Coalition working to defeat ISIS. My father served in World War II. He was a chief petty officer. Most of my uncles served in World War II and/or Korea. One of my uncles I never met. My mom's youngest brother served in the U.S Navy. He was stationed on a ship called the USS Suwannee. It was an aircraft carrier. They were on duty in the Western Pacific in 1944, and their group of ships came under attack by Japanese kamikaze pilots, dive-bombing and crashing their aircraft into several ships, including the USS Suwannee, the ship on which my uncle Bob was stationed. He was 19 years old. I think he was on the ship and they were trying to launch aircraft to take on the kamikaze pilots before they could do much damage and several of the aircraft apparently crashed into the aircraft carrier on which my Uncle Bob was doing duty up on the deck of the aircraft carrier. His body, along with the bodies of a number of people who were on the deck, were never recovered. They were killed, missing in action for an extended period of time, and their bodies were never recovered. I told folks back in Delaware about my grandmother during one of the Memorial Day observances. I don't know if the Presiding Officer has this in Missouri, but in Delaware, during some of our observances, we have a place of honor where some of our Gold Star families sit. I told the Gold Star families at a bridge ceremony in Wilmington near the Delaware Memorial Bridge--I pointed out where the Gold Star families were sitting, and I said: My grandmother, if she were still alive, would be 110 today, and she would be sitting right over there with all the Gold Star families and mothers. She never saw her son again after he went off to serve in the war. There was a lot of sorrow in that family for years and years and years. They had pictures for as long as I can remember. There was a picture of my Uncle Bob, age 19, posing, at the time, in his dress blue uniform. I was a dead ringer for him. My sister and I, after we were born in West Virginia, grew up in Danville, VA. I went off to high school and then became a Navy midshipman and then went off to Southeast Asia. I would go home to visit my relatives in West Virginia, including my grandparents. I would go back to that house. I would go back to the picture and look at him because as I grew older, the resemblance was pretty remarkable. My grandmother, from the time I was a little boy until I grew up, would always call me Bobby. That was his name, not mine. I was Tommy, but she would call me Bobby. It was kind of eerie. She would never try to correct it. She would just call me Bobby. Sometimes people would have nicknames for us as kids, and my grandfather always called me Joe. So we would go spend time, a week or two, with them in the summer, and my grandmother called me Bobby and my grandfather called me Joe. I wasn't sure who I was when I would go back to their home in Danville or Roanoke, VA, but I know my grandmother loved her son Bobby, and the folks who took his life were Japanese. They were Japanese. In the Navy, I flew missions with Japanese forces during the Vietnam war and the Cold War when I was a naval flight officer. Japan is among our best friends today, one of our closest allies, despite the hundreds of thousands of lives which were lost in the attack on Pearl Harbor and the war that ensued. Germany, at the other side of the world, was a bitter enemy during World War II and is among our closest allies and has been for years the bulwark in that part of the world. I just mention them to say that the folks that might be our adversaries today--Vietnam, where I served, was a great adversary for a number of years, and today, as I said earlier, is one of our closest trading partners, and they are one of our partners. We had, I thought, a wonderful trade agreement, the Trans-Pacific Partnership should have been approved by us and never was. It was negotiated in the last administration. I think in history they will say that it was a huge mistake we made not to approve it after negotiating it over a period of several years with 11 other countries, including the Vietnamese. The Vietnamese are amazingly close. They love Americans. God, they love Americans. They love us more than we love us, and you can feel it. Every time I go over there, I am reminded of that. Things have a way of changing. Leadership changes, people change, the attitudes of people toward the rest of the world, including us, will change. The results of the Iranian election give me some encouragement. I hope they give the rest of us encouragement. I hope someday some of those young Iranian people who admire this country and love this country will have a chance to come here and visit. Ironically, today is the last day we have a lot of young people here in this Chamber who are leaving us. We call them pages. Some are sitting down here. I walked up to them earlier today. We have doors-- seven doors--and when we are having votes, people and Senators come in and out, and we have two pages stationed at every door. We have pages down here at the foot of the Presiding Officer on either side. What I tried to do was just go around to the pages and shake their hands, say goodbye, and thank them for their service during what has been really, as the Presiding Officer knows, a challenging time for all of us. I would say I had to have a chance to address these pages as well as the rest of our colleagues here, but I want to say to the pages, thanks a lot for your service, and we hope you have been inspired not by our shortcoming but by the potential you see here for us continuing to send this ship of state into the future. A lot of people are concerned about the direction our country has taken. I would like to remind them, especially these pages, that 150 years ago we fought a civil war in this country. I grew up in Danville, VA, the last capital of the Confederacy. I think some people were still fighting the Civil War when I got there. I was 9 years old and my sister was 10. So 150 years ago, the Civil War was fought, where hundreds of thousands of people were killed, many more were crippled, wounded, and maimed. After that, we saw our President assassinated. President Lincoln was assassinated. After that, our President who succeeded him, Andrew Johnson, was impeached, and somehow we got through all of that in the 19th century. When we finally made it to the 20th century, what happened? World War I--we fought it, won it, and led our allies to victory. Then World War II, we fought it, won it, and led the allies to victory in World War II. The Cold War--won it, led our allies to victory in the Cold War. The Great Depression--we fought our way out of it and led the world to a much stronger economy. When the 21st century dawned on January 1, 2001, here is where we were as a nation: the strongest economy on Earth, the most productive workforce on Earth, a nation of peace, four balanced budgets in a row. We hadn't balanced our budget since 1968, but the last 4 years of the Clinton administration we were 4 and 0 in terms of a balanced budget. Since the century began, we were the world's mightiest Nation--the mightiest force for justice--and we were the most admired Nation on the planet. I would just keep in mind the words of Harry Truman: The only thing new in the world is the history we have forgotten and never learned. He was a guy from Missouri, as I recall, like our Presiding Officer. We are going through a tough time now, and we will get through it. My hope is that our pages, who have provided a great service here in the recent months of their service, will someday come back as interns, maybe someday as staff members, maybe someday as Senators and Representatives and chiefs of staff, and will play other roles in guiding our country. We thank all of you. My hope is that, as time goes by, the tensions around the world, the hatred, the vitriol, and the murder and the mayhem will have dissipated. Countries just like Japan in World War II, [[Page S3358]] like Germany in World War II, and like Vietnam in the Vietnam war were our bitter enemies at one time but are now our friends. Maybe we can turn the page with Iran, and they can turn the page with us. They will be better for it, and in the end, we will too. Your generation, especially, will be better for that. I thank Senator Corker and, again, Senator Cardin and their staffs. I thank our leadership--Senator McConnell and Senator Chuck Schumer--for making sure that this resolution was taken up and written. It worked out, and we will have a chance to vote on it. I just do not want somebody sometime later--this evening or tonight--when asking for unanimous consent to adopt a Senate resolution with a certain number on it, to ask: What was that all about? I want people to know that this is about something that is important, and I am grateful to all who had a hand in it. Thank you very much. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. McCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Nomination Referral Mr. McCONNELL. Mr. President, as in executive session, I ask unanimous consent that upon the reporting of the nomination of David P. Pekoske, of Maryland, to be Assistant Secretary of the Department of Homeland Security, Transportation Security Administration, by the Committee on Commerce, Science, and Transportation, the nomination be referred to the Committee on Homeland Security and Governmental Affairs for a period not to exceed 30 calendar days, except that if the 30 days lapse while the Senate is in recess, the Committee on Homeland Security and Governmental Affairs shall have an additional 5 session days after the Senate reconvenes to report the nomination, after which the nomination, if still in committee, be discharged and placed on the Executive Calendar. The PRESIDING OFFICER. Without objection, it is so ordered.

**Load-Date:** August 1, 2017

**End of Document**



[***Register of Commission documents: Commission Work Programme 2018 Document date: 2017-06-30 P8\_B(2017)0456 Motions for resolutions/decisions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P80-9SD1-JDG9-Y4S4-00000-00&context=1516831)

Impact News Service

August 10, 2017 Thursday

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**Length:** 5517 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

RE\1129871EN.docx PE605.580v01-00 EN United in diversity EN European Parliament 2014-2019 Plenary sitting B8-0456/2017 30.6.2017 MOTION FOR A RESOLUTION to wind up the debate on the statement by the Commission pursuant to Rule 37(3) of the Rules of Procedure and the Framework Agreement on relations between the European Parliament and the Commission on the Commission Work ***Programme*** 2018 (2017/2699(RSP)) Rosa D’Amato, Laura Agea, Marco Valli, Isabella Adinolfi, Dario Tamburrano, Rolandas Paksas on behalf of the EFDD Group PE605.580v01-00 2/13 RE\1129871EN.docx EN B8-0456/2017 European Parliament resolution on the Commission Work ***Programme*** 2018 (2017/2699(RSP)) The European Parliament, – having regard to the Framework Agreement on relations between the European Parliament and the Commission1, in particular Annex IV thereto, – having regard to the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission of 13 April 2016 on Better Law-Making2, – having regard to the Joint Declaration of 13 December 2016 on the EU’s legislative priorities for 2017, – having regard to the Conference of Committee Chairs’ Summary Report, which provides complementary input to this resolution from the point of view of parliamentary committees, and which the Commission should duly take into account when drafting and adopting its Work ***Programme*** for 2018, – having regard to Rule 37(3) of its Rules of Procedure, A. whereas the EU is still facing the worst economic, social and political crisis since its foundation; B. whereas Member States are struggling with recession, deflation and unemployment; C. whereas the solutions proposed by the EU institutions are further exacerbating the economic, democratic and social crisis in the EU; D. whereas sustainable economic growth and the creation of socially sustainable, well-paid, quality jobs could be the core priorities of the EU budget, while respecting the principle of subsidiarity; E. whereas, at a time of austerity for all citizens, not only is reducing the EU’s administrative costs imperative, but it is also necessary, in view of the next multiannual financial framework (MFF), to cut ***programmes*** that have not demonstrated any added value; F. whereas the error and fraud rate affecting the EU budget remains at a high level without any significant reduction, and for 22 years in a row payments have been materially affected by errors due to the partial effectiveness of the supervisory and control systems; G. whereas the European Citizens’ Initiative (ECI) is an instrument that is far from 1 OJ L 304, 20.11.2013, p. 47. 2 OJ L 123, 12.5.2016, p. 1. RE\1129871EN.docx 3/13 PE605.580v01-00 EN efficient, has not been fully implemented, and the rules for its functioning are neither clear nor transparent, as evidenced by the recent ruling of the General Court concerning the ECI ‘STOP TTIP’; H. whereas the Council Legal Service opinion No 5151/17 of 11 January 2017 on the Commission proposal for an interinstitutional agreement on a mandatory transparency register states that the institutions cannot have recourse to an interinstitutional agreement (IIA) in order to regulate subject matter for which the Treaties have conferred legislative powers on the institutions by providing an explicit material legal basis, and that IIAs are only binding on the participating institutions and cannot create obligations for third parties; I. whereas the protection of persons who report or publically reveal criminal and fraudulent activities inside public institutions or companies is of the utmost importance in the fight against corruption and ‘white collar’ crimes; J. whereas recent studies from the Commission show that Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage1 (the Environmental Liability Directive) has been implemented very differently across the Member States and that problems persist in relation to the application of the directive to large-scale accidents and insolvency among liable economic operators; K. whereas the EU limit values for some air pollutants are less stringent than those suggested by the World Health Organisation (WHO); L. whereas the citizens living in the vicinity of the largest European area of legal and illegal dumpsites, the Land of Fires (Naples), and the ILVA industrial site of Taranto are exposed to very high levels of carcinogenic risk; M. whereas the Commission itself stated that Council Directive 89/105/EC of 21 December 1988 relating to the transparency of measures regulating the prices of medicinal products for human use and their inclusion in the scope of national health insurance systems2 no longer reflects the increased complexity of the pricing and reimbursement procedures for medicinal products in the Member States; N. whereas the Commission continues to authorise the marketing of genetically modified food and feed despite the lack of consensus among Member States; O. whereas not all of the energy sources which are considered to be renewables under the current legislative framework have a better environmental, health and social impact than equivalent fossil sources; P. whereas more efforts are needed to achieve an inclusive digital society which is capable of seizing the opportunities and addressing the challenges of digitalisation both for citizens and for business; 1 OJ L 143, 30.4.2004, p. 56. 2 OJ L 40, 11.2.1989, p. 8. PE605.580v01-00 4/13 RE\1129871EN.docx EN Q. whereas the digitisation of industries could help to increase the resilience, energy and resource efficiency and innovation sustainability of our economies; whereas the EU is facing several challenges brought by trade, globalisation and technology innovation; R. whereas the Court of Justice of the European Union ruling in Opinion procedure 2/151 of 21 December 2016 clarifies the EU’s competences in trade negotiations; S. whereas greater importance should be given to the right to petition, as it represents a cornerstone of participatory democracy, in which every citizen should enjoy the right to play a direct role in the democratic life of the Union; whereas genuine democratic and participatory governance should ensure the effective protection of fundamental rights, full transparency and the direct involvement of all citizens in the decision-making processes; T. whereas petitioners are citizens engaged in safeguarding fundamental rights and in the improvement of the current and future well-being of our societies; whereas the processing of petitions is extremely important in terms of citizens’ perception of the EU institutions and respect for the right to petition enshrined in EU law; U. whereas, in order to promote good governance and ensure the participation of civil society, the Union’s institutions, bodies, offices and agencies must conduct their work in a manner implementing the highest levels of transparency and democracy; V. whereas it is necessary to safeguard the ownership and effective control by Member States and/or nationals of Member States in European undertakings; W. whereas local airports face many economic difficulties, and it is necessary to guarantee proper connections for all European citizens, in particular to and from the remote and isolated locations of the outermost regions; X. whereas there have been several difficulties in the enforcement of the EU legislation on cabotage, thereby worsening the phenomenon of social dumping in the Member States; whereas it is necessary to ensure fair competition in the road haulage market, safeguarding the rights of workers; Y whereas some of the largest platforms pay trifling amounts of taxes in Europe compared with their profits; Z. whereas the current fragmentation in customs control procedures, which differ vastly between Member States, as well as differing sanctions creates important market disparities for economic operators and orients trade flows towards the easiest point of entry; AA.

whereas on 25 October 2016 Parliament adopted, by a large majority, a resolution on corporate liability for serious human rights abuses in third countries2 calling on the Commission to carry out several actions, and is still waiting for follow-up from the same Commission; whereas on 11 April 2017 the Rapporteur of the original report 1 ECLI:EU:C:2016:992. 2 Texts adopted, P8\_TA(2016)0405. RE\1129871EN.docx 5/13 PE605.580v01-00 EN addressed an Oral Question to the Commission, in the framework of the meeting of the Subcommittee on Human Rights (DROI), in order to ascertain whether such follow-up might have been delivered to Parliament and he did not receive a satisfactory answer; whereas, on the same day, he addressed an identical question to Commissioner Mimica, in the framework of the structured dialogue with the Committee on Development (DEVE), and also in this case did not receive a satisfactory answer; Key priorities 1. Stresses that the single currency has an asymmetric and destructive impact on weaker economies, which are forced to undertake a painful adjustment of internal devaluation as a result of a currency that is overvalued with respect to their economies, while letting multinational companies in stronger euro-area Member States exploit an unfair competitive advantage due to an undervalued currency relative to their competitors in other Member States, thereby generating disparities and macroeconomic imbalances within the EU; 2. Calls on the Member States to decide democratically on the transposition into national law of the Fiscal Compact in order to avoid the disruptive effects of austerity measures on real economies; 3. Emphasises the urgent need to return financial responsibility for their actions to the Member States so that they can make full use of their own monetary and fiscal policy tools in order to effectively support economic recovery and ensure the democratic and political legitimacy of fundamental economic decisions; 4. Emphasises the urgent need for ***planning*** for an orderly break-up of the monetary union and for immediately providing democratic mechanisms for the voluntary withdrawal of a country from the euro area; 5. Calls for impetus to be given to the negotiations on the structural reform of the banking sector, built on a clear and mandatory separation of investment and commercial activities, which is essential to protecting depositors and savers, preventing the build-up of systemic risk and preserving financial stability; 6. Believes that austerity measures must be ended and Member States’ responsibility for financial matters be restored, in order to respond adequately and efficiently to multiple crises simultaneously; asks for an exhaustive revision of current ***programmes*** in order to cut those which are not offering real added value; points out that, in some cases, ***programmes*** can be better funded and implemented at national level, in line with the subsidiarity principle; 7. Stresses that EU funding must not be used to finance controversial or wasteful projects; 8. Reiterates the need to make better use of taxpayers’ money; stresses the importance of reducing the EU’s administrative costs, especially in a period of persistent crisis; asks for substantial weighted cuts to eliminate money being wasted and to make savings without affecting legislative work; 9. Calls for better control and auditing of the EU budget; reiterates its request that a PE605.580v01-00 6/13 RE\1129871EN.docx EN positive statement of assurance (DAS) be obtained from the Court of Auditors; regrets the error and fraud rate affecting the EU budget, with particular reference to public procurement and insists on a strong need to fight corruption and organised crime at transnational level; stresses the importance of greater transparency in EU spending and calls for all information on the expenditure of European funds to be published and made available; 10. Urges that action be taken to tackle poverty and inequalities; reiterates its call for a further assessment of inequalities and how they are hampering economic recovery; 11. Condemns all EU legislation that imposes unnecessary administrative burdens on SMEs – a major source of jobs and growth – and that subjects them to further bureaucratic obstacles; stresses that more support must be given to SMEs, while ensuring adequate social protection; 12. Calls for improvements to workers’ occupational health and safety, and for appropriate ways to address any shortcomings to be considered, as well as for the third batch of substances under the revision of the Carcinogens and Mutagens Directive to be presented without delay and for limit values on reprotoxic substances, based on scientific and technical data, to be included, as well as for an impact assessment, to ensure proper parliamentary scrutiny; 13. Underlines the fact that, in order for citizens to be able to benefit from their rights in their everyday lives, legislation must be designed to consistently and effectively combat precariousness, unemployment, economic and social inequalities, discrimination, and poverty, thus ensuring the highest levels of social justice; calls for all decision-making processes at EU level to be fully transparent, impartial and independent; 14. Calls on the Commission to deal in a timely manner with the proper implementation of the provisions established by Directive 1999/70/EC on fixed-term work, in line with the case law of the Court of Justice of the European Union, with the aim of providing full and effective legal protection of workers’ rights, and adequately tackling all abuse, discrimination, shortcomings and loopholes; 15. Opposes macro-economic conditionalities, and underlines that the suspension of European Structural and Investment Funds (ESI Funds) triggered by non-compliance with economic governance requirements is a double punishment for EU regions, counteracts economic and social recovery efforts, and should therefore be abolished, also in view of the fact that the sanctions provided for in the current regulation would not only disrupt financial ***planning*** at the ***programme*** level, but could also lead to projects being stopped on the ground; 16. Calls on the Commission to review the investment clause to enable regional and national investments co-financed through the ESI Funds to be excluded from the calculation of national deficits in the framework of the European Semester; 17. Opposes all EU ***programmes*** aimed at supporting structural reforms, especially if financed via the ESI Funds; 18. Asks that any further proposals for the ESI Funds be submitted as soon as possible to RE\1129871EN.docx 7/13 PE605.580v01-00 EN ensure appropriate time for parliamentary scrutiny; 19. Considers that it is not possible to delay any further a proposal to amend Regulation (EU) No 211/2011 on the European citizens’ initiative, (ECI) since this tool is in urgent need of reform; 20. Considers it necessary to revise Regulation (EU) No 211/2011 on the ECI in timely fashion, with the view to resolving all of its deficiencies by proposing effective solutions to ensure that the procedures and conditions required for the ECI are genuinely clear, simple, easily applicable and proportionate; 21. Calls for a mandatory transparency register, since the proposed interinstitutional agreement on this issue would, according to the Treaties and the opinion of the Council’s Legal Service, only have a limited effect, and would not be able to create obligations for third parties, irrespective of whether they are other institutions, Member States or individuals; 22. Stresses that measures must be adopted to greatly improve the democratic functioning of the EU, granting every citizen a general right to participate in democratic life, as also recently reaffirmed by the General Court of the Court of Justice of the European Union in its judgment of 10 May 2017, concerning the European citizens’ initiative ‘Stop TTIP’1; 23. Emphasises the urgent need for stronger measures for the protection of ‘whistle-blowers’ in order to grant these persons, and in particular their families, proper protection against retaliation; 24. Expresses concern over the implementation of the Environmental Liability Directive (2004/35/EC), which fails to cover all types of damage harmful to human beings and to the natural environment; 25. Calls on the Commission to clarify what actions it intends to take regarding the digital single market; stresses the need to promote fair competition in this market to ensure that there is no abuse of power by multinational companies; 26. Highlights that Regulation (EC) No 1049/2001 on public access to European Parliament, Council and Commission documents2 builds on the principle of ‘widest possible access’; believes that full transparency and access to documents held by the EU institutions must be the rule in order to ensure that citizens can fully exercise their democratic rights; regrets that the revision of Regulation (EC) No 1049/2001 has been stalled; believes that progress has to be achieved without further delay, as this regulation no longer reflects the current legal situation or institutional practices; 27. Expresses deep concern about the lack of corporate liability of European transnational corporations for human rights abuses linked to their operations in developing countries; notes that this can lead to a lack of protection, access to justice and redress for the 1 Judgement of the General Court of 10 May 2017, Efler and Others v Commission, T-754/14, ECLI:EU:T:2017:323. 2 OJ L 145, 31.5.2001, p. 43. PE605.580v01-00 8/13 RE\1129871EN.docx EN victims of such abuses; 28. Expresses deep concern about the fact that the various calls to the Commission expressed in its resolution on corporate liability for serious human rights abuses in third countries1 has not been followed up on by the Commission and deplores its inactivity in this domain during the last eight months; urges that comprehensive follow-up be given; 29. Notes with concern how the existing voluntary initiatives to promote the sustainability of the garment sector’s global supply chain have fallen short of effectively addressing human rights and labour rights-related issues in the sector; 30. Considers that the current Emissions Trading Scheme (ETS) is not fit for purpose and needs urgent revision; 31. Points to the WHO report on the need to align the limit values for air pollutants with stricter concentrations; 32. Criticises, and calls for a revision of, EU policies that are the root cause of deforestation as a result of the demand for biofuels in Europe; 33. Calls for a public inventory of the different types, uses and degree of market penetration of nanomaterials on the European market in line with Parliament’s resolution of 24 April 20092, and to address nanomaterials within the REACH Regulation (Regulation (EC) No 1907/2006)3; 34. Calls for a European Anti-Fraud Office (OLAF) investigation to evaluate whether European funds aimed at cleaning up the Land of Fires and the ILVA Taranto industrial site have been spent in accordance with the law; calls, in addition, for an internal audit to check whether the funded projects have delivered the expected results; 35. Calls for greater transparency in the measures regulating the pricing of medicinal products for human use and their inclusion in the scope of national health insurance systems, in order to replace Council Directive 89/105/EEC4 with the aim of ensuring effective controls and full transparency concerning the procedures used to determine the prices and the reimbursement of medicinal products in all Member States; 36. Calls for a comprehensive policy framework to address Lyme disease, taking account of the different specific challenges and policies of each Member State; 37. Stresses the crucial importance of ensuring the interoperability of databases for tackling terrorism and crime more generally; calls for the benefits of existing information systems to be maximised in order to ensure that the Member States cooperate to tackle terrorism and serious crime; 38. Recalls that the Member States should transpose and implement the instruments available at international level in the fight against terrorism, organised crime, corruption 1 Texts adopted, P8\_TA(2016)0405. 2 OJ C 184 E, 8.7.2010, p. 82. 3 OJ L 396, 30.12.2006, p.1 4 OJ L 40, 11.2.1989, p. 8. RE\1129871EN.docx 9/13 PE605.580v01-00 EN and money laundering; 39. Points to the serious ongoing migration crisis that affects all Member States in Europe; considers, in particular, that Greece and Italy are being disproportionately affected by this crisis; calls for better international cooperation to help alleviate the situation; 40. Stresses the need to monitor and provide greater transparency on the disbursement of resources from the Asylum, Migration and Integration Fund and the Internal Security Fund, and to strictly monitor and regularly evaluate the use of EU funding given to Turkey within the framework of the EU-Turkey deal, and all the so-called ‘Migration Compacts’ with third countries; 41. Considers it crucial, with regard to Italy, to address specific cases of geothermal energy heat and power plants, where CO2 equivalent emissions are higher than those from a gas-fired power station of equal capacity, and where other extremely harmful pollutant emissions, such as hydrogen sulphide, arsenic and mercury, among others, are higher than those from a coal-fired power station of equal capacity; invites the Commission, in this context, to devise concrete solutions to define emissions standards for geothermal power plants, and the relative sustainability criteria for considering geothermal energy as a renewable source, while minimising the impact on the environment and human health in Italy; 42. Reaffirms that digitalisation opportunities should translate, above all, into benefits for citizens and that further efforts are needed to address digital and connectivity gaps between regions, to improve access to wireless connectivity and to promote digital literacy; urges, in this context, that efforts in the research and implementation of 5G technologies be stepped up, while promoting effective competition for the benefit of end-users and business development; 43. Considers it a priority to create a business-friendly environment to help start-ups and small, medium and micro enterprises to develop and make full use of innovation and digitalisation opportunities; calls, to this end, for dedicated, adequate and easily accessible support for these actors with relevant EU instruments; 44. Believes there is a need for a balanced, effective, fair, transparent and proportionate reform of the trade defence instruments in order to protect European ***producers***, importers and consumers; 45. Urges action on reciprocity in trade practices with a commitment to advance discussions, and calls for effective solutions on how to regulate the procurement markets and investments with European trading partners; stresses, in this regard, the need to revise the proposal for a regulation on international procurement instruments (COM(2012)0124) and to launch a mechanism for the screening of foreign investments in ***strategic*** sectors with the direct involvement of civil society; reiterates that a balance needs to be struck in order to avoid protectionism, but strengthen reciprocity at the same time; 46. Calls for better monitoring of the evolution of foreign direct investments, especially those directed towards ***strategic*** or high-technology assets and companies in Europe, in order to find common ground for the implementation of different national practices, the PE605.580v01-00 10/13 RE\1129871EN.docx EN exchange of information and better coordination, to avoid unfair competition or a distorted approach to the acquisition of companies and businesses with ***strategic*** national or international security relevance; 47. Reiterates its deep concern about the possibility of resuming any EU-US trade talks without changing the current mandate; calls on the Commission to take into account the most recent ruling from the Court of Justice of the European Union in Opinion procedure 2/15, and to maintain all agreements as mixed, in order to avoid specific mandates on investment chapters and the inclusion of the international investment court within any free trade negotiations; 48. Asks to extend the list of geographical indications (GIs) negotiated with China in order to protect local and regional ***agricultural*** products and wines; stresses the need to work with the World Trade Organisation (WTO) in order to define and recognise a non-***agricultural*** list of GIs to be added to future trade agreements; 49. Reiterates its concerns about a data flow chapter in free trade agreements; stresses the importance of both guaranteeing consumers’ privacy and creating fair digital platforms aimed at boosting the development and trade activities of European SMEs; takes note that a balanced proposal on digital trade strategy could be a tool to reduce unfair practices and cyber-terrorism, and to combat trade in illegal and counterfeit goods on the internet; 50. Reiterates the importance and value of protein crops in crop rotation, their effects on soil fertility, reduced nutrient use and weed infestation, and on micronutrients; underlines the need to increase productivity and protein content in the EU through an ad hoc strategy; 51. Calls for more support to be given to beekeepers to guarantee the sector’s sustainability, as well as to younger farmers’ activities in the sector; expresses its concern about the rise in counterfeit products, containing only a small percentage of honey, on the market; 52. Recalls the importance of pushing ahead with the discussion on the cloning regulation approved by Parliament by a large majority; underlines the need to protect consumers and ***producers*** in a globalised economy and to guarantee fair competition with EU partners; 53. Asks the Commission to pursue a trade agenda that provides export opportunities for European ***producers***; calls on the Commission to provide appropriate support for ***producers*** of the most sensitive ***agricultural*** products in the framework of the current free trade negotiations with Mercosur; 54. Reiterates that risk management should be further enhanced in a future common ***agricultural*** policy (CAP) in order to deal not only with climate-related but also with market and biosecurity risks; 55. Condemns EU policies that have had a detrimental effect on animal welfare; points to examples, such as the REACH ***programme***, which has created one of the largest animal testing regimes in the world; points, furthermore, to detrimental EU rules that permit the live export of animals, which can lead to animals being transported across Europe for RE\1129871EN.docx 11/13 PE605.580v01-00 EN periods of up to eight hours or more in poor conditions; calls for a drastic revision of these policies and this legislation; 56. Believes that the opinions of European citizens expressed by petitioning Parliament are of fundamental importance and should be addressed by the EU legislators as a matter of priority; recalls that the principle of democracy is one of the fundamental values of the Member States and that any legal act seeking to modify the legal order of the EU must be subject to an inclusive and participatory debate in the context of improved governance able to guarantee full transparency and the direct involvement of all citizens; 57. Acknowledges that petitions are a source of information of paramount importance not only about violations and deficiencies in the application of EU law in the Member States, but also about possible breaches of citizens’ fundamental rights; highlights that the appropriate treatment of petitions must be accompanied by an enhanced capacity to react to and resolve problems related to the proper safeguarding of citizens’ fundamental rights; 58. Calls for the timely publication of the names of all officials involved in ‘revolving doors’ cases and for the guarantee of full transparency on all related information; firmly believes that all European institutions and agencies must follow suit; calls for proactive publication and full transparency in relation to the post-term-of-office occupations of former Commissioners, and all related information; regrets deeply that former Commission President Mr Barroso was appointed as an adviser and non-executive chairman of Goldman Sachs International; stresses that the Barroso case increased citizens’ mistrust towards the Commission regarding its credibility and independence from private financial interests; 59. Stresses that the current legislation addressing unfair practices and state aid is neither adequate nor effective; calls, therefore, for further revision of the existing rules; takes note of the interpretative guidelines on Regulation (EC) No 1008/20081, stressing the need to keep the ceiling of 49 % for third countries and their nationals in EU undertakings, ensuring ownership and effective control by the Member States and their nationals; 60. Calls for greater support for the economic, financial and operational sustainability of regional airports, through adequate and transparent procedures, respecting fair competition between all air transport companies, with identical and open opportunities for all carriers; 61. Takes note of the Mobility Package adopted by the Commission; considers it necessary to explore further all the best solutions to tackle irregular cabotage, bearing in mind that effective controls could be carried out using modern tools such as global navigation satellite systems (GNSS) to track heavy vehicles for commercial purposes; 62. Stresses the need to revise the social rules applicable to the road transport sector, with the aim of striking a proper balance between the social protection of road transport 1 OJ L 293, 31.10.2008, p. 3. PE605.580v01-00 12/13 RE\1129871EN.docx EN workers and the freedom to provide cross-border services for transport operators; 63. Calls for an assessment and clarification of the application of the national laws on the minimum wage for drivers in Germany and France; 64. Strongly believes that the Council Decision of 14 April 2014 on the signing, on behalf of the European Union, of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled1 should be adopted without delay; 65. Calls for the necessary measures to be adopted to ensure the full application of web accessibility standards to the websites of all EU institutions and to offer information in sign languages, Braille, augmentative and alternative communication, and other accessible means, modes and formats of communication for persons with disabilities, including easy-to-read formats, in official interactions; stresses the need for the European Union to make progress towards the adoption of the proposal for a directive on the accessibility of public sector bodies’ websites2; 66. Believes that greater support should be provided for micro, small and medium-sized enterprises in the cultural and creative sector; notes that the problems faced by these enterprises have been exacerbated by EU austerity policies; regrets that all measures adopted so far by the European Union have failed to achieve the goal of significantly improving conditions for the cultural and creative sector and takes the view that the current EU financial mechanisms are still not effective in responding to the sector’s needs; 67. Is firmly convinced that EU austerity policies have led to the continuing deterioration of the education and cultural sectors; highlights that the European Fund for ***Strategic*** Investments (EFSI) is extremely detrimental to the education sector; 68. Expresses concern about the non-implementation of judgments of the European Court of Human Rights; recalls that, under Article 46(1) of the European Convention on Human Rights, the high contracting parties have, without qualification, undertaken a solemn and binding obligation under the rule of law to ‘abide by the final judgement of the Court in any case

to which they are parties’; deplores the delays in implementation and the lack of political will in certain circumstances to implement certain judgments of the Court; 69. Calls on the Member States to meet their international obligations and ensure that civil and political rights are not be violated; urges the Commission to ensure that human rights, civil and political freedoms and the principles of democracy are upheld in countries where these values are ignored; ° ° ° 1 OJ L 115, 17.4.2014, p. 1. 2 COM(2012)0721. RE\1129871EN.docx 13/13 PE605.580v01-00 EN 70. Instructs its President to forward this resolution to the Council, the Commission, and the governments and parliaments of the Member States.

**Load-Date:** August 15, 2017

**End of Document**



[***Nestlé Nigeria - Q4 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P82-53B1-JD33-J20T-00000-00&context=1516831)

Nigeria Food & Drink Report

October 1, 2017 Sunday

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**Length:** 1455 words

**Highlight:** Nestlé established a trading presence in Nigeria in 1961, and began listing on the Nigerian stock exchange in 1978. The Switzerland-based company then established a factory in Agbara, Ogun State, in 1981. Nestlé SA now holds a 62% stake in the company. The company ***produces*** a wide range of baby food, drinks and confectionery items for the Nigerian market, which are ***produced*** mainly using locally sourced raw materials such as sorghum and maize. It is also a leader in the local cocoa and coffee markets, importing coffee from Côte d'Ivoire.

**Body**

**SWOT Analysis**

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| Strengths | Nestle is Nigeria's largest food company by turnover. Nestle possesses an internationally renowned brand name. Having operated in Nigeria for almost 50 years, the company has considerable experience in the country's difficult regulatory environment. Current economic conditions create a barrier for new entrants. The company offers quality popular brands. The company is investing in ongoing plant capacity in the country. |
| Weaknesses | Nestle will have to invest heavily to boost manufacturing, distribution and marketing processes. High production costs affect Nigeria's ability to serve as a competitive export base to the wider West African region. Although Nigeria has an enormous population, the vast majority of consumers remain beyond reach due to low incomes and poor infrastructure. Instability in northern states, such as Borno and Yobe, has resulted in Nestle having to temporarily remove some of its sales staff. Warning issued against Maggi instant by food and safety bodies in Nigeria affect Nestle's ability to capture market share in the lucrative category. |
| Opportunities | As Nigeria's largest food company, Nestle is well placed to capitalise on dynamic forecast headline food consumption growth. Rising disposable incomes over the long term will very likely serve to increase demand for higher-value Nestle brands such as Nescafe coffee. By funding farmers and investing in its supply chain, Nestle is helping to strengthen local sources for raw ingredients while also broadening its potential consumer base. Rising consumption of bottled water presents an opportunity for Nestle's PureLife water brand. |
| Threats | Competition from rival multinationals such as Cadbury and Unilever is steadily growing. Unilever's aggressive low-cost brand strategy is poaching highly price-sensitive consumers. Kellogg's proposed entrance into the West African market poses a threat to Nestle's market share in the snacks category. Nigeria's notoriously poor regulatory environment makes expanding difficult. Volatility in cocoa prices can have a negative impact on Nestle's profit margins. Ongoing security concerns in Nigeria's northern regions and the related uncertainty. Currency volatility could negatively affect the company's operations and financial results. |

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| **Company Overview** | Nestle established a trading presence in Nigeria in 1961, and began listing on the Nigerian stock exchange in 1978. The Switzerland-based company then established a factory in Agbara, Ogun State, in 1981. Nestle SA now holds a 62% stake in the company. The company ***produces*** a wide range of baby food, drinks and confectionery products for the Nigerian market, which are ***produced*** mainly using locally sourced raw materials such as sorghum and maize. It is also a leader in the local cocoa and coffee markets, importing coffee from Cote d'Ivoire. |

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| **Strategy** | Nestle Group's growth ***plan*** is based upon the 'Nutrition, Health and Wellness' strategy, which includes research and development in the food and beverage sector and nutritional therapies. The Nestle ***Strategic*** Roadmap incorporates operational pillars such as consumer engagement, operational efficiency and innovation, as well as growth drivers including premiumisation and investment in emerging markets, and, finally, developing competitive advantages such as product diversification, expanded geographic presence and expansive research and development. Nestle has been expanding its production in Nigeria after receiving support from the Ogun State government to expand production at the Agbara plant, located near the main city of Lagos. According to Nestle press reports, it is expected that this investment will further stimulate sustainable growth, increase the company's market share and broaden the nutrition, health and wellness business platform for the company in Nigeria. Competition from multinationals in Nestle's lucrative markets is steadily increasing. Unilever is currently increasing investments in Nigeria in order to capitalise on growth. In an effort to capture price sensitive consumers, Unilever has created a brand portfolio that caters to various incomes. Furthermore, this strategy protects Unilever's sales from consumers that are switching out to low-cost brands. |

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| **Developments** | **2015** In summer 2015, Nestle announced ***plans*** to cut 15% of its workforce in 21 African countries as the company overestimated the rise of the middle class. Cornel Krummenacher, chief executive for Nestle's equatorial Africa region, stated: 'We thought this would be the next Asia, but we have realised the middle class here in the region is extremely small and it is not really growing'. However, Nigeria is not included in the region, and the country shows a rising middle class. A joint venture announced in 2015 between Kellogg's and Tolaram Group, will enable Kellogg's to piggyback on Tolaram's extensive distribution channels in Nigeria's instant noodles category. This does not bode well for Nestle, as their flagship instant noodles brand was hard hit by a food safety warning from Nigeria's National Agency for Food and Drugs Administration and Control. This warning advised against the sale, purchase and consumption of Maggi instant noodles manufactured in India due to safety concerns about excess lead present in the product. In spring 2015, the chief executive of Nestle Nigeria, Dharnesh Gordhon, said that he expects the company's capital expenditure to slow to its lowest level in five years after the recent currency devaluation triggered a sharp drop in the price of oil, the country's main export. Gordhon said the Nigerian unit had invested USD400mn over the past six years into its local business to increase capacity. The company will spend USD200mn over the next 18 months to maintain growth, such as investing in packaging which currently has to be imported, but will also shift its focus to managing costs given the challenges facing the economy. 'It's lower (spending) than what we had over the last five years. Our capital expenditure has definitely dropped ... because we ramped up capacity'. Gordhon said he expected the market to grow modestly, not in double-digits this year. The Islamist insurgency in the north has also limited the company's product distribution ***plans***. **2014** In late 2014, the head of Nestle's Asia, Africa and Oceania operations, Nandu Nandkishore, said that militant insurgencies across West Africa are weighing on the company's business in the region, adding to the pressures of currency depreciation, high inflation and the Ebola outbreak. He said that in West Africa, currency weakness and high inflation will probably persist into 2015. While the worst Ebola outbreak on record has affected Nestle's business in West Africa, recent statistics suggest some 'progress is being made. According to Nandkishore, 'We see a responsibility to continue business operations as normally as possible.' He confirmed that Nestle will continue to build its business in the region after investing more than CHF600mn in 22 West and Central African countries in five years, with seven factories in the region. 'This continues to be a land of high demographic growth,' he said. 'We remain optimistic about Africa in general, West Africa in particular.' In September 2014, the Nigerian government announced ***plans*** to partner with Nestle to manufacture and process ***agricultural*** raw materials. Nestle will collaborate with the government to establish farmers' groups to grow grains such as maize, millet, sorghum and soybeans for the company at the right volume, price and quality. Nestle will also collaborate with the Federal Ministry of ***Agriculture*** and Rural Development to sponsor a nationwide advocacy ***programme*** on grain biofortification. Under this ***programme***, new varieties of conventionally-farmed high-energy staple grains that are naturally fortified with essential vitamins and minerals will be made accessible to larger, predominantly rural populations, thereby tackling micronutrient deficiencies. In May 2014, the company announced ***plans*** to invest USD28mn in the development of a new high technology water processing and bottling operation to increase production and delivery of its Pure Life brand bottled water. |

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| **Financial Data** | Sales for the period ended March 31 2017: NGN61.2bn Sales for year ending June 30 2016: NGN80.4bn (USD256mn) Sales for year ending December 31 2015: NGN151bn (USD479.7mn) Sales for year ending December 31 2014: NGN143bn (USD858mn) Sales for year ending December 31 2013: NGN133.1bn (USD796mn) Sales for year ending December 31 2012: NGN117bn (USD702mn) Sales for year ending December 31 2011: NGN97.9bn (USD587.4mn) |

**Load-Date:** August 15, 2017

**End of Document**



[***FEATURE: Reaching solutions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S2R-VM91-F17J-S0XM-00000-00&context=1516831)

Asia News Network

January 23, 2018 Tuesday

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**Length:** 1569 words

**Byline:** David Ho

**Body**

The mighty Mekong, known as the Lancang in China, is Southeast Asia’s longest waterway, with around 60 million people depending on the river and its tributaries for food, water and transport.

Stretching from Southwest China’s Tibet autonomous region all the way to the mouth of the river in Vietnam, the development of the Mekong region is a key ***strategic*** issue for the countries it runs through.

And the second Lancang-Mekong Cooperation (LMC) Leaders’ Meeting, held on Jan 10 in Phnom Penh, Cambodia, has given the region a much-needed boost.

Co-chaired by Chinese Premier Li Keqiang and Cambodian Prime Minister Hun Sen, it was also attended by leaders of the other countries in the region, including Lao Prime Minister Thongloun Sisoulith, Thai Prime Minister Prayut Chan-o-cha, Vietnamese Prime Minister Nguyen Xuan Phuc and Myanmar Vice-President U Myint Swe.

Established in 2015, the LMC is a sub-regional cooperation mechanism jointly established by the six countries along the Lancang-Mekong River.

After their meeting, the leaders announced that the Phnom Penh Declaration had been signed and a Five-Year ***Plan*** of Action (2018-22) adopted. The declaration made promises of peace, stability, connectivity, development and, notably, noninterference. It marks the commitment for the partnership between China and the Mekong states in developing the region.

Though the details remain undisclosed, the broad areas of cooperation under the Five-Year ***Plan*** were released. The first would be on strengthening cooperation surrounding water resources along the 4,350-kilometer-long river.

Li encouraged members to work for water resource cooperation while focusing on the sustainable utilization of water resources. He also called for enhanced emergency management of droughts and floods, and joint research on water resources and the influence of climate change.

Raphael Mok, senior Asia analyst at BMI Research, said he expects to see China becoming increasingly involved in cross-border cooperation on hydropower and water management over the coming years on the back of the LMC.

“The new agreement’s scope is much broader than other initiatives such as the Greater Mekong Sub-region, which has the same members and includes cooperation on water resources,” he said.

The Mekong River Delta is one of the world’s three deltas most vulnerable to climate change. In 2016, it sustained its most serious drought and saline intrusion of the past 100 years. It resulted in damage to 160,000 hectares of paddy fields and a lack of water for 250,000 households.

The wide usage of chemicals in manufacturing has also made much of the area’s water unsuitable for consumption. There have been reports of locals suffering from skin irritations after being in contact with the water.

Survey results from the Vietnamese National Institute of Hygiene and Public Health show the Mekong River Delta provinces exhibit alarming levels of arsenic in groundwater wells.

Mekong states have been trying to get the infrastructure in place for safe water supply and quality monitoring.

Led by Minister of Foreign Affairs Prak Sokhonn, Cambodia signed a new cooperation agreement with China in December. The country is to receive more than US$7 million funding from China for various projects, including those for monitoring water quality.

Cambodia’s prime minister has mentioned ***plans*** to create centers for improving water supply and environmental cooperation. In addition, Thailand will host an LMC working group on water resources later this year.

China also indicated it is willing to reinforce production capacity cooperation, the second area of cooperation agreed upon at the LMC meeting. This would encompass infrastructure like water conservancy facilities and power generation plants.

The Mekong represents an important power source to all around it. The estimated hydropower potential of the Lower Mekong Basin is 30,000 megawatts, while that of the Upper Mekong Basin is 28,930 MW.

According to the Mekong River Commission, power demands are expected to rise 7 percent per year between 2010 and 2030. Given that hydropower is the favored energy option for those surrounding the river, a fair bit of investment has gone into developing dams around the Mekong.

China has built several dams on the river and is ***planning*** for more in the future. Other countries are also building. Laos, for example, is constructing two dams and currently ***planning*** a third.

“Chinese companies have also been building and financing the bulk of Cambodia’s and Laos’ new hydropower generation capacity on the Mekong River as part of China’s diplomatic efforts,” said Mok.

“For Cambodia, hydropower is the technology of choice for it to reduce its dependence on energy imports by capitalizing on its proximity to the Mekong River, while for Laos, it is aimed at transforming the landlocked country into the ‘battery of Southeast Asia’,” he added.

In 2016, water levels in the Mekong Delta area were extremely low. With Vietnam’s rice crops under threat, China agreed to increase the flow of water from dams in its territory, leading water levels to rise.

“This reflects the growing importance that Beijing attaches to hydro politics and its reputation in the region,” said Mok.

The LMC is working on sustaining both food supplies and the environment since the third area of cooperation agreed upon in the meeting involves ***agricultural*** cooperation.

“We hold a sanguine view for ***agricultural*** production, trade, and consumption in the Mekong River region, with China likely to play an increasingly bigger role,” said Mok.

“***Agricultural*** trade within the region is growing and will remain on an ascent in the coming years, helped by the development of regional transport infrastructure and banking, as well as the export of Chinese ***agricultural*** technology and commercial farming practices.”

The phrase ‘green and sustainable development’ was also mentioned by the LMC leaders, signifying a greener approach.

Premier Li said: “China encourages its companies to, in line with the concept of sustainable development, participate in the construction of hydropower stations, reservoirs, irrigation and drinking-water projects in the countries along the Mekong River so as to achieve win-win cooperation.”

The fourth area of cooperation for the LMC members is in human resources.

According to the United States Agency for International Development, about 70 percent of employers in the Lower Mekong subregion are looking to hire, but only 16 percent found that recent graduates have the skills they require.

Aware of the gap in developing human capital, China is offering short-term training and in-service education for 2,000 people in countries along the Mekong River and 100 four-year scholarships for undergraduates this year. It is also encouraging joint training programs among universities and promoting cooperation among vocational schools.

“China has valuable hands-on experience to share with its neighbors. Chinese officials and scholars have a good appreciation for what’s achievable when faced with similar issues,” said Ben Simpfendorfer, founder of consultancy firm Silk Road Associates.

“Training and scholarships will also help all parties to develop awareness of the other. Fostering trust is a win-win (scenario).”

The final area of cooperation for the LMC would be in healthcare. This is to effectively safeguard health security in this region, which is particularly vulnerable to mosquito-transmitted diseases.

China has communicated that it is willing to set up joint prevention and control mechanisms for infectious diseases with relevant countries and build a Lancang-Mekong network for malaria elimination.

China will assist relevant countries in building a medical health system. It already has offered to fund a hospital, among other infrastructure projects, in Phnom Penh.

At the LMC meeting, Li also floated the idea of the 3+5+X cooperation framework. This would be an extension of the existing 3+5 framework, built on the three pillars of political and security issues, economic and sustainable development, and cultural and people-to-people exchanges, and the five key priority areas of connectivity, production capacity, cross-border economic cooperation, water resources, and ***agriculture*** and poverty reduction.

Li suggested expanding the cooperation to broader areas, such as the digital economy, environmental protection, customs and youth. This marks the ongoing evolution in the collaboration between China and the Mekong states.

Operating under the cooperation concepts of “development first, equal consultation, practicality and high efficiency, and openness and inclusiveness”, the LMC mechanism has ***produced*** “better-than-expected progress” according to China’s Ministry of Foreign Affairs.

At the LMC meeting, the leaders of the Southeast Asian countries noted that most of the 45 Early Harvest Projects identified at the first LMC Leaders’ Meeting and the 13 initiatives put forward by China at the second LMC Foreign Ministers’ Meeting have either been completed or made substantial progress.

Besides being a source for water, livelihood and energy, the Mekong ultimately represents a test of cross-border relations.

“We want to properly address the relationship between up- and downstream countries and accommodate the interests of all countries along the river,” Li said. “China needs a stable environment in its neighborhood.”

**Source:** China Daily (China)

**Load-Date:** May 11, 2018

**End of Document**



[***China retaliates for US tariffs***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S1F-KBY1-DYG8-131V-00000-00&context=1516831)

Business World (Digest)

April 04, 2018 Wednesday

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**Section:** WORLD

**Length:** 1197 words

**Byline:** Business World

**Body**

China quickly hit back on Wednesday at Trump administration ***plans*** to slap tariffs on $50 billion in Chinese goods, retaliating with a list of similar duties on key U.S. imports including soybeans, planes, cars, whiskey and chemicals.

The speed with which the trade struggle between Washington and Beijing is ratcheting up – the Chinese government took less than 11 hours to respond with its own measures – led to a sharp selloff in global stock markets and commodities.

Investors are wondering whether one of the worst trade disputes in many years could now turn into a full-scale trade war between the world’s two economic superpowers.

"The assumption was China would not respond too aggressively and avoid escalating tensions. China's response is a surprise for some people," said Julian Evans-Pritchard, Senior China Economist at Capital Economics, noting that neither said had yet called for enforcement of the tariffs.

"It's more of a game of brinkmanship, making it clear what the cost would be, in the hopes that both sides can come to agreement and none of these tariffs will come into force," he said.

Beijing's list of 25 percent additional tariffs on U.S. goods covers 106 items with a trade value matching the $50 billion targeted on Washington's list, China's commerce and finance ministries said. The effective date depends on when the U.S. action takes effect.

Unlike Washington's list, which was filled with many obscure industrial items, China's list strikes at signature U.S. exports, including soybeans, frozen beef, cotton and other key ***agricultural*** commodities ***produced*** in states from Iowa to Texas that voted for Donald Trump in the 2016 presidential election.

"This is a real game changer and moves the trade dispute away from symbolism to measures which would really hurt U.S ***agricultural*** exports," said Commerzbank commodities analyst Carsten Fritsch.

China's tariff list covers aircraft that would likely include older models like Boeing Co's workhorse 737 narrowbody jet, but not newer models like the 737 MAX or its larger planes. A Beijing-based spokesman for Boeing declined to comment.

Beijing's announcement triggered heavy selling in global financial markets, with U.S. stock futures sliding 1.5 percent and U.S. soybean futures plunging nearly 5 percent and on track for their biggest fall since July 2016. The dollar briefly extended early losses, while China's yuan skidded in offshore trade.

Hours earlier, the U.S. government had unveiled a detailed breakdown of some 1,300 Chinese industrial, transport and medical goods that could be subject to 25 percent duties, ranging from light-emitting diodes to machine parts.

The U.S. move, broadly flagged last month, is aimed at forcing Beijing to address what Washington says is deeply entrenched theft of U.S. intellectual property and forced technology transfer from U.S. companies to Chinese competitors, charges Chinese officials deny.

Foreign ministry spokesman Geng Shuang said China had shown sincerity in wanting to resolve the dispute through negotiations.

"But the best opportunities for resolving the issues through dialog and negotiations have been repeatedly missed by the U.S. side," he told a regular briefing on Wednesday.

The tariff list from the office of U.S. Trade Representative Robert Lighthizer followed China's imposition of tariffs on $3 billion worth of U.S. fruits, nuts, pork and wine to protest new U.S. steel and aluminum tariffs imposed last month by Trump.

Publication of Washington's list starts a public comment and consultation period expected to last around two months.

Many consumer electronics products such as cellphones made by Apple Inc and laptops made by Dell were excluded, as were footwear and clothing, drawing a sigh of relief from retailers who had feared higher costs for American consumers.

A U.S. industry source said the list was somewhat unexpected in that it largely exempts major consumer grade technology products, one of China's major export categories to the U.S.

"The tech industry will feel like overall it dodged a bullet," the source said, but added that traditional industrial goods manufacturers, along with pharmaceuticals and medical device firms, could suffer.

Many U.S. business groups support Trump's efforts to stop the theft of U.S. intellectual property, but have questioned whether tariffs are the right approach. They warn that disruptions to supply chains that rely on Chinese components will ultimately raise costs for consumers.

"Tariffs are one proposed response, but they are likely to create new challenges in the form of significant added costs for manufacturers and American consumers," National Association of Manufacturers President Jay Timmons said in a statement.

USTR developed the tariff targets using a computer algorithm designed to choose products that would inflict maximum pain on Chinese exporters, but limit damage to U.S. consumers.

A USTR official said the list got an initial scrub by removing products identified as likely to cause disruptions to the U.S. economy and those that needed to be excluded for legal reasons.

"The remaining products were ranked according to the likely impact on U.S. consumers, based on available trade data involving alternative country sources for each product," the official, who spoke on condition of anonymity, told Reuters.

The tariff list targeted products that benefit from China's industrial policies, including its "Made in China 2025" ***program***, which aims to replace advanced technology imports with domestic products in ***strategic*** industries, such as advanced information technology, robotics, and pharmaceuticals.

Such policies coerce American companies into transferring their technology and intellectual property to Chinese enterprises and "bolster China's stated intention of seizing economic leadership in advanced technology as set forth in its industrial ***plans***," USTR said.

Many products in those segments appear on the list, including antibiotics and industrial robots and aircraft parts.

USTR did include some key consumer products from China, including flat-panel television sets and motor vehicles, both electric and gasoline-powered with engines of 3 liters or less.

A Reuters analysis that compared listed products with 2017 Census Bureau import data showed $3.9 billion in flat-panel television imports, and $1.4 billion in vehicle imports from China.

Among vehicles likely to be hit with tariffs is General Motors Co's Buick Envision sport-utility vehicle, which is assembled in China and sold in the United States. Volvo, owned by China's Geely Motors, also exports Chinese-built vehicles to the United States.

More than 200 products on the list saw no U.S. imports last year, including large aircraft and communication satellites, while some categories were highly unlikely to ever be imported, such as China-made "mortars" and "grenade launchers."

USTR has scheduled a May 15 public hearing on the tariffs, which were announced as the result of an investigation under Section 301 of the 1974 U.S. Trade Act.

China ran a $375 billion goods trade surplus with the United States in 2017, a figure that Trump has demanded be cut by $100 billion. (Reuters)

Source: [*www.businessworld.ie*](http://www.businessworld.ie)

**Load-Date:** April 24, 2018

**End of Document**



[***UN Deputy Secretary-General's remarks at Strategic Consultative Meeting on the Sahel***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S00-J7W1-F0K1-N218-00000-00&context=1516831)

M2 PressWIRE

March 28, 2018 Wednesday

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**Length:** 1868 words

**Body**

March 28, 2018

UN Deputy Secretary-General's remarks at ***Strategic*** Consultative Meeting on the Sahel:

Your Excellency Mr. Mohamed Ould Abdel Aziz, President of Mauritania,

Your Excellency Mr. Isselkou Ould Ahmed Izid Bih, Minister for Foreign Affairs and Cooperation of Mauritania,

Your Excellency Mr. Moussa Faki Mahamat, Chairperson of the African Union,

Excellencies,

Ladies and Gentlemen,

I am pleased to be with you today to discuss how we can, together, improve the situation in the Sahel.

This timely gathering will help ensure that the security and development efforts being driven by the countries, people and institutions of the sub-region are aligned with what the African Union, United Nations and other international partners are doing.

The Sahel is a priority for the Secretary-General and the entire United Nations system.

It is a litmus test of the ongoing UN reforms, which aim to better avert and address complex and multidimensional crises such as the one we are facing in the region.

The insecurity and volatility of the region stem from the increasing threat posed by terrorism and violent extremism and its spread in surrounding countries and regions.

This is compounded -- or caused -- by weak development progress in the 10 countries of the Sahel and the impacts of climate change on food security, migration flows and conflict over land and resources.

The complexity and multi-dimensional nature of these challenges attest to the necessity to respond collectively to the Sahel crisis, and in a more coherent, comprehensive and integrated manner.

If we are to put an end to violence, conflict and terrorism in the region, we must address their root causes, including the lack of access to basic rights, services and economic opportunities, socio-economic exclusion, marginalization, discrimination, and corruption.

The Security Council has affirmed the centrality of the United Nations Integrated Strategy for the Sahel in responding to the Sahel crisis, and it has called on donors to mobilize their efforts and align their activities to the key priorities and objectives of the Strategy, to ensure better coordination and efficiency of the international response to the needs of the people and communities of the Sahel.

While we have had a mandate to respond to the challenges in the Sahel through UNISS, we have up to now not ***produced*** the results we desire.

Therefore, over the last year or so, we have been working to recalibrate UNISS to ensure that it is responsive to the needs of the countries of the region, and to strengthen our partnerships with national governments and other actors.

The recalibrated UNISS will also enable the entire United Nations to be mobilized to deliver together in support of the momentum that has been generated for the Sahel.

The recent terrorist attacks in Ouagadougou, as well as the almost daily attacks on State actors, civilians and United Nations peacekeepers in Mali, along with threats to humanitarian workers, remind us of the urgency to act.

While the situation in Burkina Faso, Niger and Mali remains of key concern, the flow of instability to other countries is equally worrying and needs to be stopped without further delay.

This crisis requires an approach that creates the right conditions and an environment conducive to long-term solutions and sustainable development.

We need to provide support to the Governments of the Sahel countries to strengthen their capacities to absorb international aid, deliver basic services to all, and secure their territories and borders.

It must be an approach that promotes political and socio-economic inclusion, especially for women and young people, strengthens community resilience and social cohesion, ensures human rights for all and takes action to address climate change and its impacts.

An approach that encompasses human rights, sustainable development, peace and security, and humanitarian assistance and enables us to deliver through a common vision for the needs of all segments of the population.

The work that is being done by all parts of the United Nations system in the Sahel, including on human rights and peacekeeping, will inform the framework that we are developing.

The recalibrated UN Integrated Strategy for the Sahel will bring this vision to life.

Over the past few years, while there have been well-intended efforts, one of the main challenges in the Sahel is the multiplicity of actors and initiatives in the region, often not pulling in the same direction.

This cannot continue.

We need to ensure that we are investing in a coordinated and complementary fashion in support of national and regional priorities.

Over the past few months, the whole UN System has been mobilized and has been relentlessly working towards identifying these key priorities, recalibrating the UNISS and developing a UN support ***plan*** that will trigger investment in the Sahel and contribute to mobilizing the necessary resources for the 10 countries of the region.

Following a mapping exercise of the different activities in the region and based on the UNISS itself, we have identified five key priorities for its implementation:

1) inclusive and equitable growth;

2) public good services, including access to basic service, governance and rule of law;

3) climate and energy;

4) gender equality and women's empowerment; and

5) security, including preventing violent extremism, transnational crime and human trafficking.

Youth will be treated as an overall priority.

The recalibrated UNISS and the UN support ***plan*** for the Sahel are in line with the national and regional needs of the Sahel peoples and governments, including the G5 Priority Investment ***Programme***, and the Secretary-General's vision on prevention and sustaining peace.

At their core are the 2030 Agenda for Sustainable development and the Agenda 2063, our roadmaps for a prosperous and peaceful Sahel.

The United Nations has also identified the need to scale-up its own investments in the Sahel given the pattern of sub-optimal investment in the region compared with other areas facing similar levels of fragility and instability.

In 2015 for example, total expenditure through UN channels across the Sahel -- combining peace operations, development, humanitarian and other ***interventions*** -- stood at $ 2.7 billion dollars.

Compare this with $ 4.5 billion in Sudan and South Sudan, and $ 3.4 billion in the Central African Republic, Republic of Congo and Democratic Republic of Congo.

The new UN Support ***Plan*** for the Sahel will cover the period 2018 to 2022.

It aims to accelerate and increase the impact of UN action on the ground, as well as that of the African Union and other partners, through complementary, as well as collaborative action..

The Support ***Plan*** indicates specifically what the UN can provide in terms of support and expertise to the countries of the Sahel and to our partners in the region under the UNISS framework.

The UN action in the Sahel will be implemented through six priority, multi-agency and cross-country ***programmes***, ranging from providing support for cross-border cooperation to prevent violent extremism and human trafficking, to strengthening access to justice, addressing food security and conflict through climate-smart ***agriculture***, promoting entrepreneurship and empowering women and youth, and supporting security sector reforms.

A key principle of the UN Support ***Plan*** will be to ensure that Governments of the Sahel countries are in the driving seat while implementation and impact is localized.

It is hence instrumental for the UN to work hand in hand with them and closely with the African Union towards that end.

The recently signed UN-AU frameworks on peace and security, and on development provide a framework within which to pursue our common aims.

Excellencies,

In April last year, the African Union authorized the deployment of the G5 Sahel Joint Force.

This past year has in many ways been a showcase for how much can be achieved when the international community comes together behind a shared goal. I would like to commend the African Union, European Union and our bilateral partners, who are working hand in hand with us to drive forward real change in the Sahel.

The recent donor conference in Brussels was a success in terms of pledges for the operationalization of the Joint Force, which now total $ 414 million dollars and cover almost the entirety of the $ 423-dollar million budget the G5 Sahel presented for the Joint Force's first year of operations, including start-up costs.

I applaud the tremendous efforts G5 Sahel Member States have undertaken to see this initiative succeed, and I also commend the commitment of the international community.

However, military and security focused responses have time and again proven their limits and we all know that sustaining peace cannot be achieved without sustainable development.

It is therefore vital that we make sure that spending on social services such as health and education and the promotion of good governance and inclusive development is adequately balanced.

While the security situation in the region is worrying, we cannot neglect the massive humanitarian crisis.

Growing insecurity in Mali and armed attacks in border regions in Burkina Faso and Niger have uprooted hundreds of families in recent months, adding to the continuing devastation caused by the conflict in the Lake Chad Basin.

At the same time, drought has affected much of the Sahel, with Mauritania and parts of Burkina Faso, Chad, Senegal and Mali the worst affected.

The lean season has begun early and will last longer, increasing people's vulnerability, particularly the many pastoralist communities.

Overall, this year, 24 million people will need humanitarian assistance in the Sahel.

Considering the 135.7 million people in need globally, this means that nearly 1 person out of 5 requiring humanitarian assistance resides in the Sahel.

To address the most urgent needs across the region, the UN and its partners are seeking $ 2.7 billion dollars for humanitarian response efforts in eight countries in 2018: Burkina Faso, Cameroon, Chad, Mali, Mauritania, Niger, Nigeria and Senegal.

Excellencies,

To conclude, I would like to focus our attention on the importance of changing the narrative in the Sahel.

That means supporting national and regional efforts, increasing our own impact, and working for the coherence and efficiency of all efforts, under national leadership, for concrete and quick results.

This will enable us to generate significant interest in the region from development partners and investors, including the private sector, and mobilize greater efforts and resources, including from the Sahel countries themselves.

Our goal, through the recalibrated UNISS as the overarching framework in the Sahel, is to work with you to make a difference in the countries of the region by supporting efforts to sustain peace, build resilience of communities, achieve sustainable development, progress and prosperity, and ensure the dignity and rights of all the people of the Sahel.

Together, we must ensure that no one is left behind and reach out to those furthest behind first.

Thank you.

Distributed by APO Group on behalf of United Nations - Office of the Spokesperson for the Secretary-General.

**Load-Date:** March 28, 2018

**End of Document**



[***Chicago Botanic Garden CEO goes back to her roots***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PXJ-7G21-JCM7-G2YY-00000-00&context=1516831)

FT.com

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**Length:** 1511 words

**Byline:** A.K. Thomson

**Body**

For many foreigners, the return home after living in London would come with a strong dose of reluctance. The UK capital has earned a reputation in recent years for being one of the world’s most cosmopolitan and culturally vibrant cities.

But for Jean Franczyk, her move back to Chicago after more than a decade at the Science Museum Group, where she was deputy director of London’s Science Museum, was an opportunity not only to see her birthplace with fresh eyes but also to witness the transformations that have taken place during her absence.

Today, for example, she is looking out from her office at the Chicago Botanic Garden, where she is president and chief executive, at a crisp and sunny autumn day with a sky that appears to go on forever. “My husband, who is British, always said that he loved the bright, blue sky of Chicago in winter,” says Franczyk. “After all that time in London, I finally get what he means.”

The Chicago Botanic Garden, which she has led for the past year and a half, is only 45 years old but it has gained an international reputation, thanks to its scientific work specialising in conservation and restoration. “It is also a museum,” says Franczyk, drawing parallels with her previous employer. “But it’s a living museum . . . this collection grows, reproduces, grows ill, dies.”

The 385-acre site, which attracts more than 1m visitors a year, has more than 2.6m living plants and 11,000 individual types of plants. The garden also has its own school, offering a wide range of classes for adults as well as full-year “nature-based” pre-school for three- and four-year-olds. Windy City Harvest, its urban-***agriculture*** initiative, helps educate the city’s youth and adults to build healthier communities by growing their own food, and offers training for everyone — from people wanting to start their own ***agriculture*** business to ex-offenders and others facing a challenging path to employment. Last year, the initiative ***produced*** more than 100,000lbs of fresh ***produce***.

“It shows what you can do within a community to build a sense of place,” says Franczyk.

The garden’s 10-year “Keep Growing” ***strategic*** ***plan*** to 2020 centres on areas such as science and community and education ***programmes***. But Franczyk has her sights set on additional goals.

One is to continue to increase visitor numbers — and to continue spreading them more evenly throughout the year rather than just the summer months. Another is to mark the Botanic Garden’s 50th anniversary in 2022 by achieving what she calls “a point of maturity. I would like, by year 50, the person in the street saying, ‘what an extraordinary place, they have really shown me what I can do in my own back garden’ ”.

Beyond her native roots, Franczyk was chief of staff for the Chicago Board of Education in the late 1990s, and was a policy adviser to Richard Daley, the mayor who held office for more than two decades until 2011. She studied journalism at the University of Illinois at Urbana-Champaign and early on worked as a journalist for The Chicago Reporter and the Miami Herald.

Since her return, she has rediscovered the strong neighbourly bonds that she says are a characteristic of the city. “People born here have a toughness and kindness built in,” she explains. “You get four serious seasons, two of them with extremes, which means that you have to help your neighbours.”

Helping to clear snow drifts out of driveways is one example. Another, she says, came during the summer when the Botanic Garden had to close for two days due to flooding. “We put the word out; I got an onslaught of calls,” she says. “That is the kind of response that you get.”

When Franczyk returned to Chicago, she got a note from the book club she was in before leaving more than 10 years ago. “It said, ‘heard you’re back, here’s what we’re reading, come on back’.”

During her London years, Franczyk loved the access to the city’s intellectual circles that her job afforded. Does she miss it? After all, she describes Chicago as the world’s largest small town.

Not really. “There is lots of overlap between sectors — the civic overlaps with the academic, and the legal with the arts — so people move among them with more ease,” she explains.

One thing she does miss about London life is being carless. “I tried to get around on public transportation when I first arrived back but it is very hard to get things done here without a car,” she says.

Franczyk, who grew up in Chicago’s South Side, an area whose tough, blue-collar image masks a wide variety of neighbourhoods, points out at least four things that define her city. One is the lake, which provides a stunning backdrop for walking, biking and — August only, she warns — swimming.

The second is the Forest Preserve District of Cook County, almost 70,000 acres of oak woodland, tallgrass prairies and wetlands that comprise the largest forest preserve district in the US. Franczyk describes it as “an incredible asset”.

The other two, she argues, define the city but also exemplify its changing nature: the river; and the urban skyline. Since Franczyk left for London, city authorities have increased access to the river flowing through the city, creating pedestrian and bike paths, as well as stunning areas to sit, rest and play.

“It was always a great place but you couldn’t walk along it because of the bridges that go across,” says Franczyk of the river. “This is a transition since I’ve been away, and it has become a cultural icon for the city.”

Chicago’s skyline needs no introduction. Franczyk loves how it has evolved in recent years, as typified by her new favourite building: 150 North Riverside, a 54-storey office building on the river bank that rises up — and outwards — from a seemingly impossibly thin base. “You look at it and say, wow. Is that really going to stand up?” she says. “I always like to see the old and the new juxtaposed.”

Inside knowledge

**Franczyk’s favourite places . . .**

The **Chicago Architecture Foundation River Cruise**, which takes you down the Chicago River while guides talk about more than 50 buildings, “is a must-do and it gets you to some of my favourite views

**Anteprima**, an Italian restaurant in the neighbourhood of Andersonville on North Clark St, known for its shops and eateries

For Mexican cuisine, head to **5 Rabanitos** in the Pilsen Historic District on the Lower West Side. The restaurant is also just one block away from the National Museum of Mexican Art

A visit to Chicago would not be complete without **a walk along the lake front**. “It’s breathtaking,” says Franczyk

Buying guide

* Property taxes in Chicago are byzantine, and prospective buyers will soon discover that a $1.5m home can carry an annual tax bill of $30,000 or more whereas another property of the same value can have taxes as low as $15,000. The difference is often explained by neighbourhood but also by the fact that many homeowners successfully appeal their property tax bills and manage to get them lowered

What you can buy for . . .

**$500,000** A two-bedroom, two-bathroom penthouse in South Loop

**$2m** A four-bedroom fully remodelled townhouse in Lincoln Park

**$5m** An expansive four-bedroom apartment in a new development in Chicago’s Gold Coast

*More homes at*  [*propertylistings.ft.com*](https://propertylistings.ft.com/)

Urban farm ***programme***

You don’t have to dig deep for Chicago’s horticultural roots: the city’s Latin motto *Urbs in Horto* (“City in a Garden”) is plastered on every municipal vehicle and engraved on all police officers’ badges, **writes Alice Troy-Donovan**. Since the city was incorporated in the 1830s, Chicago’s citizenry have staunchly defended their green spaces — and turned their moniker into a mission. Today it has parkland credentials to rival New York, with 1m visiting the city’s Botanic Garden in 2015.

Stemming from the Chicago Horticultural Society (founded in 1890), Chicago Botanic Garden grew from a patch of undeveloped flooded land to a pioneering centre for scientific research, education and community engagement. Its chain of winding lakes was inspired by the Garden of Perfect Brightness, an 18th-century Beijing water garden used as a retreat for Chinese emperors.

Since ground was first broken in 1965, the Botanic Garden has gained 50,000 members and contributions from landscape designers such as Koichi Kawana and John Brookes, who have created Japanese and English gardens respectively. The 385-acre area encompasses nine islands and six miles of lake shoreline, and is home to a one-of-a-kind bonsai collection.

But the 2.6m plants are not the only thing being cultivated. In 2003 the Botanic Garden established Windy City Harvest Youth Farm for disadvantaged young people living in Chicago’s so-called “food deserts”.

The farm’s urban ***agriculture*** ***programmes*** are spread across 13 sites in Chicago City and one in Lake County.

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*Photographs: Kristen Norman; Chicago Botanic Garden; Robin Carlson; Cristina Rutter/Forest Preserve District of Cook County; Zhangying Huang/Getty Images/EyeEm*

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[***Public and private facilities find their place in providing quality health care and services to residents in Sri Lanka***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-72R8-00000-00&context=1516831)

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**Body**

Despite spending only a small percentage of its GDP on health, Sri Lanka is seen as a relative success story in South Asia. It has successfully tackled a raft of infectious diseases - from malaria to filariasis and rabies - that once ravaged its population, and created a public health system that provides inexpensive and quality care to all. Free universal health care is enshrined in the country's constitution and the government runs the majority of the nation's hospitals.

Like many developing nations, more sedentary lifestyles and changing diets have created a new burden for health services with a rising incidence of diabetes, heart disease and cancer. An ageing population is another issue - around 30% of the population is expected to be elderly by the year 2030. Furthermore, rising incomes mean higher expectations. Citizens are likely to demand improvements to public services as Sri Lanka moves from a low- to middle-income country.

"Although the model of extensive public provision has served Sri Lanka well, the country now finds itself at a crossroads," the World Bank wrote in its Country Snapshot in October 2016. "Servicing the needs of the elderly, as well as treating and managing NCDs [Non-Communicable Diseases] requires longer-term and more expensive services relative to maternal and child health, and infectious diseases ***interventions***."

**Sector Oversight**

The Ministry of Health, Nutrition and Indigenous Medicine (MoHNIM) is responsible for disease control, preventive medicine - including family health, mental health and NCDs - curative medicine (the provision of hospitals) as well as other areas including oral health and the development of the country's private health sector.

The Department of Ayurveda is dedicated to Sri Lanka's 3000-year-old practice of indigenous medicine, with four specialisations: *Ayurveda*(the balance between mind, body and spirit for health and wellness), *Unani*(traditional medicine based on the four humours)*, Siddha* (Tamil traditional medicine where the functions of the body are a combination of seven elements), and *Paramparika*(the name for traditional physicians who have had no formal institutional training). More than 3m patients each year opt for indigenous treatments.

**A Successful Record**

Key statistics underline the successes of Sri Lanka's health system. In 2015 the country ranked 73rd out of 188 countries in the UN's Human Development Index, with a score of 0.766. Life expectancy at birth rose to 74.9 years in 2015 compared to 74.1 years in 2010, according to organisation data. The infant mortality rate declined to 8.2 per 1000 births compared to 9.4 just five years earlier. As estimated 89.7% of the population has access to safe drinking water - with 44.9% enjoying piped water - helping to reduce the risk of water-borne diseases.

The island was certified malaria-free by the World Health Organisation (WHO) in September 2016, having been among the most affected countries in the world in the mid-20th century. Dr Poonam Khetrapal Singh, regional director at the WHO, noted Sri Lanka's targeted approach of prompt and effective treatment, coupled with mosquito eradication efforts and the involvement of local communities for its success in tackling the mosquito-borne disease. No locally transmitted cases have been reported for nearly four years.

Sri Lanka has also worked diligently to reduce the incidence of rabies in the country, becoming the first country in the South-east Asia region to develop a national strategy for the elimination of a disease that is carried mainly by dogs and is almost always fatal without a prompt response. It has made post-exposure treatment available in government health facilities free of charge and is targeting zero rabies deaths by 2020, compared to a global target of 2030. The country recorded 12 deaths in the first nine months of 2016, compared to 24 in the whole of 2015 and 377 in 1970. "Political will and leadership have been the main drivers for success in the Sri Lankan effort to reduce the burden of disease attributable to rabies," says a research paper published in the WHO South-east Asia Journal of Public Health in September 2016.

**By The Numbers**

At the end of 2015 Sri Lanka had 610 public hospitals and 217 private hospitals, up from 568 and 172, respectively, in 2010. All together the country's hospitals provide around 76,800 beds. Doctors totalled approximately 21,800 in 2015, up from 16,500 in 2010, while the number of nurses and midwives were around 32,300 and 8300, respectively. According to the World Bank, Sri Lankans are, on average, within 1.4 km of a basic health clinic and within 4.8 km of a state-run, western-style facility.

As much as 70% of Sri Lanka's rural population use indigenous medicine such as Ayurveda, with dedicated hospitals and clinics and a total of 1400 staff recruited under the Department of Ayurveda. There are more than 8000 traditional medical practitioners, three Ayurveda teaching hospitals, three research hospitals and 56 provincial hospitals. In addition, the sector has its own regulatory body - the Sri Lanka Ayurveda Medical Council.

The industry is built on a rich tradition related not only to curing disease, but also to religion and culture. The government is keen to draw on the island's status as a biological hotspot to expand the sector further, as Sri Lanka is home to some 1500 species of the world's 8000 known medicinal plants. Over the past decade the government has been following the Health Sector Master ***Plan*** that was launched in 2007 and structured around the UN's Millennium Development Goals. The ***plan*** is characterised by increased investment in infrastructure and more equitable development, with a focus on under-served regions and improving the delivery of public services.

The 2017 budget ***plans*** for health show that 49% of the estimated total capital expenditure of LKR40.4bn ($275.6m) is targeted for hospital development projects and 16% for hospital rehabilitation works. Among the largest investments is an 850-bed maternity facility at the Helmut Kohl Maternity Hospital in Karapitiya, as well as improvement works to the hospitals in Jaffna, Anuradhapura and Kurunegala. Work is also under way on specialised cancer and cardiology centres so that Sri Lankans do not have to travel overseas for such treatments. Many health infrastructure improvement projects are undertaken with the assistance of foreign governments including China, the Netherlands and India.

**War Effects**

Sri Lanka is also seeking to address the legacy of its long years of conflict and colonialism, which have created large disparities in the availability of care in former war zones of the north and east, as well as for residents of ***agricultural*** estates, many of whom are ethnic Tamils encouraged to settle on plantations by the British when they controlled Sri Lanka.

Such communities had limited health care provision until the mid-1970s, at which time the government began gradually assuming more responsibility over care in those areas. In 1997 the Estate and Urban Health Unit was established under the Ministry of Health. The unit now operates 37 hospitals across the country's plantations.

Direct ***intervention*** has helped reduce infant mortality rates, but its incidence remains considerably higher in these plantations than in the country's other rural and urban areas. Additionally, the children of plantation workers are more likely to suffer from stunted height and low birth weight.

In the former conflict zones, health facilities - some of which became targets in the war - are being rebuilt, and families displaced by the fighting have returned. However, in places such as Mullaitivu, the site of ferocious battles in the last weeks of the war, the maternal mortality rate is 110 per 1000 live births, compared with 8.7 per 1000 live births in the capital. Decades of war affected the provision of essential health services, creating "poverty pockets" where access to medical assistance remains poor, says Thiloma Munasinghe, a consultant community physician who spoke with SciDev.Net, a website that analyses and publishes news on global development.

The war has also left a legacy of mental scars and trauma among combatants and civilians. The suicide rate on the island is the eighth highest in the world, according to the WHO, which has worked with the MoHNIM to develop mental health services. Around a quarter of the population suffers from some form of mental illness, according to the National Institute of Mental Health, which operates the country's largest hospital for those suffering from psychiatric disorders. Nevertheless, Sri Lanka has only 90 consultant psychiatrists and 55 specialised psychiatric nurses.

The government has developed the Medical Officer of Mental Health ***programme*** to provide qualified doctors with additional psychiatric training so they can provide more specialised mental health care, but it is likely to be some time before there is an adequate staff to population ratio in this area. The ***programme*** has trained some 200 medical officers through 2016.

**Space For The Private Sector**

Private health offerings took off in Sri Lanka in the 1980s, shortly after the government allowed public sector physicians to operate in private practice and then relaxed a long-held aversion to the provision of vital services by for-profit companies. A mid-2014 review by the World Bank found the private health sector in Sri Lanka to be a "growing force", one that reflected rising levels of investment as well as greater demand from a local population whose incomes are increasing. The economy grew at an average of 6.4% per year between 2010 and 2015, lifting per capita income to $3924 in 2015, according to the organisation.

Private health is dominated by locally-owned firms: Lanka Hospitals Corporation, in which state-owned Sri Lanka Insurance has a 54.6% stake; Nawaloka Hospitals; Durdans Hospitals (owned by Ceylon Hospitals); and Asiri Hospital Holdings, which is controlled by the Softlogic Group, a company listed on the Colombo Stock Exchange. Public-private partnerships (PPP) are rare, with most private firms operating independently. Ravi Karunanayake, then-minister of finance and current minister of foreign affairs, suggested in the 2016 budget speech that the government might sell some of its business interests, increasing speculation that the Sri Lanka Insurance Corporation may sell its majority stake in Lanka Hospitals.

Private care is currently concentrated in the wealthier western province, Colombo and other main urban centres where people tend to have higher incomes. Private operators focus on curative medicine and outpatient services, and attract patients who want to get treatment more quickly or enjoy more privacy, says Dr Wimal Karandagoda of Durdans Hospital, which was established in 1945 in Colombo.

The majority of patients pay for treatment out of their own pockets, with few subsidies from the government or payments from insurance companies. Private health expenditure, mostly covering doctor fees, is more than half of total health expenditure, according to the World Bank. Private health care revenues are expected to record a compound annual growth rate of 8.3% from 2013-20, with revenue reaching $2.1bn by 2020. The government's decision to suspend the 15% value-added tax (VAT) that was imposed on health care services in May 2016 was welcomed by the industry. Operators such as Softlogic Group said the tax made private sector treatment too costly for some patients, adversely affecting their business.

**Private Growth**

Expansion in the private sector has also been supported by patients who travel from countries such as the Maldives for treatment in Sri Lanka. The government identified medical tourism as a potential source of income and economic growth in 2014 when it launched the 2015-20 National Masterplan Initiative on Medical Tourism in conjunction with the Private Hospitals Association. Some hospitals are seeking international accreditation as a way to make themselves more marketable, particularly internationally where Sri Lanka is competing with established medical tourism providers such as Malaysia and Thailand. Durdans Hospital was the first to be accredited with the Gold Seal of Approval from Joint Commission International in 2014, a US-based accreditation scheme. Meanwhile, in 2016 Lanka Hospitals became the first in the country to secure accreditation with the US-based Medical Travel Quality Alliance. The former operates a 350-bed tertiary hospital and has its own international patient care centre to cater to the needs of patients who have travelled from overseas.

The expansion of the private sector, however, is putting pressure on staffing requirements because many doctors work in both the public and private sectors, and both rely on the same universities and institutions to train staff. While doctors are allowed to work fluidly between both sectors, that is not the case for all medical professionals, such as nurses. "There is a lack of standardisation between public and private hospitals which creates rigidity in the sector. Public hospitals don't recognise the certificates of qualifications that nurses obtain from private hospitals," Ajith Tudawe, chairman at Durdans Hospital, told OBG. Private sector operators told the World Bank that a lack of qualified medical personnel was the biggest barrier to their success, followed by limited access to finance and land, and competition from providers.

The government is trying to address the staffing issue through a number of initiatives. With its eye on international patients, it is streamlining the process for appointing foreign specialists to temporary contracts. The 2017 budget also includes a youth training ***programme*** for the health care sector, with the state providing trainees with a monthly stipend of LKR10,000 ($68.20) over the three-month initiative, and a job upon completion. It also set aside LKR200m ($1.4m) to upgrade training schools for nurses.

**Regulating The Industry**

Sri Lanka's health care sector is regulated by the MoHNIM, which leads all policy-making and implementation, assisted by ministries across the country's nine provinces and, below them, 25 ministries at district level.

The operations of the private sector fall under the Private Health Services Regulatory Council (PHSRC), which was formed as part of the Private Medical Institutions (Registration) Act No. 21 of 2006, and is headed by the director-general of health services. All private providers are supposed to register with the PHSRC, but research by the World Bank in June 2014 found that the system was "not functioning optimally" because a significant percentage of privately-operated facilities were providing medical services without being registered by the relevant authorities. The report also questioned the independence of the regulator, whose members include the private providers that the body is supposed to oversee.

In addition to the regulatory council, the Sri Lanka Medical Council (SLMC) enforces standards and discipline. It includes representatives from the profession as well as from the medical faculties of the country's public universities, with the aim of protecting patients. Under the Medical (Amendment) Act No. 30 of 1987, the SLMC can enter training institutions to check standards and recommend the withdrawal of recognition for those who fail to make the grade. The Postgraduate Institute of Medicine, which is affiliated with the University of Colombo, is responsible for the specialist training of doctors at the postgraduate level. The University Grants Commission, which oversees tertiary education, also has a say in the training of medical professionals, including doctors and nurses.

When it comes to drugs and other potentially dangerous substances, key regulatory agencies include the National Authority on Tobacco and Alcohol, and the National Medicines Regulatory Authority (NMRA). The NMRA which was established in 2015 with a goal "to ensure [the] availability of medical drugs and devices at affordable prices".

A separate regulatory body oversees indigenous medicine. The government announced in its 2017 budget that all pharmacies in the country would be required to register with the NMRA with immediate effect to tackle the large number of unqualified pharmacists and unregulated chemists in the country.

Greater regulation of the private sector is expected under the government's development ***plans*** for health care. International consultancy PwC warns that while the private sector market in Sri Lanka could be worth over $2bn by 2020, there are also likely to be substantial risks associated with compliance. "Navigating the complex landscape of agencies and regulations while ***planning*** for the future adoption of global best practice regulations can be challenging," it noted in its June 2014 report "The Health Sector of Sri Lanka".

**Shifting Focus**

Trends under way in the health sector reflect the country's evolving needs and the necessity to address not only rising levels of NCDs, but also an ageing population. Approximately 30% of Sri Lankans are expected to be over the age of 65 by 2030, while some 65% of all deaths are now the result of conditions such as heart disease, diabetes and cancer. Such illnesses typically demand longer stays in the hospital and specialised treatment.

Sri Lanka recognised the need to address NCDs back in 2009 with the National Policy and ***Strategic*** Framework for Prevention and Control of Chronic and Non-Communicable Diseases. An analysis of standardised data covering 1991-2001 showed that mortality from chronic NCDs was 20-30% higher in Sri Lanka than in many developed nations.

The Health Sector Master ***Plan*** 2007-16 also prioritises the prevention and control of NCDs, recognising that "these diseases lower the quality of life, impair the economic growth of the country, and place a heavy and rising demand on families and national budgets". The ***plan*** aims to reduce premature death due to chronic illnesses by 2% annually up to 2019 through a variety of policies, including the expansion of evidence-based curative services, the use of preventive screening ***programmes***, and the promotion of healthy living initiatives at the national and community levels.

Sri Lanka has been working with the World Bank and WHO to meet its NCD goals and was the eighth country in the world to join the UN Interagency Task Force on the Prevention and Control of NCDs.

According to the country's NCD progress monitor which covers 10 indicators, Sri Lanka has had some success in setting national targets and indicators for NCDs, introducing measures for the control of alcohol and tobacco, and raising public awareness around diet and exercise. The country was found to be less successful in imposing diet-related restrictions, marketing to children, and providing drug therapy and counselling for high-risk people.

In the 2017 budget Karunanayake announced a renewed focus on the needs of children, with a ***plan*** to ensure that the health authorities visit every primary school in the country once per term. A health insurance policy is also being offered to all children aged five to 19, with the government paying the premium for each policy - worth LKR200,000 ($1360). The insurance covers both outpatient and inpatient services. "NCDs are on the rise not only among adults, but among children as well, with diabetes, asthma and cancer being the main NCDs," Karunanayake told Parliament in his speech. "Most NCDs can be prevented, cured or controlled if diagnosed at the right time."

Statistics show that of 138,000 deaths in 2014, 40% were the result of cardiovascular diseases, 10% from cancers, 7% from diabetes and 8% from chronic respiratory diseases. At the same time, 16.2% of men and 28.4% of women were found to have a body mass index of 25 or more - indicating that one is overweight - while 21.6% of men and 20.8% of women had raised blood pressure. Some 30.2% of women were also not getting sufficient exercise. In an attempt to decrease the 30,000 deaths per year attributed to tobacco, in September 2106 the Cabinet agreed to impose a 15% VAT on the sale of cigarettes and increase the production tax per cigarette by LKR5 ($0.03). The government estimates the annual cost of treating tobacco-related illnesses at approximately LKR72bn ($491m).

**Technological Shift**

The government is also leveraging technology as a way to reduce costs, improve data collection and raise efficiency within the health sector. The National eHealth Guidelines and Standards for Sri Lanka were released in March 2016 to ensure connectivity and maintain security across the health system in both the public and private sector. "Health care is an information intense field," the report noted in the introduction. "Relevant, accurate and timely information is the key for evidence-based management in health care. ... The paper-based record system is inadequate to meet the needs of [the] rapidly evolving present day health care system."

Adoption of technology has been quite slow so far with the e-health initiative expanding from 12 hospitals in mid-2015 to 40 in October 2016. Rajitha Senaratne, the minister of health, now ***plans*** to extend the ***programme*** to a further 150 hospitals.

In the long-run, officials want to introduce a national health ID number for all citizens, improve hospital management of health records and create a national database of medical data. There is hope that technology can help improve diagnostics and patient care - especially in rural areas - and ensure that the supply of medicine is more efficient.

**Encouraging Foreign Investment**

Senaratne indicated to Qatar in October 2016 that the Sri Lankan government would be open to foreign investors in the area of e-health, as well as in the pharmaceutical sector, noting that the island's free trade agreement (FTA) with India ensured a guaranteed market for medicine made under the FTA.

The Board of Investment of Sri Lanka has made pharmaceutical manufacturing a priority as part of the country's attempt to reduce its import dependence. India provides the majority of Sri Lanka's pharmaceutical imports, followed by Switzerland, Pakistan and the UK, but generics have been taking over an increasing share of the total market. In 2015-16 India exported medicine worth $205m to Sri Lanka.

The government in Colombo wants to encourage foreign manufacturers to establish factories in the country by setting up special economic zones that would offer preferential rates and tariffs to manufacturers based there. The State Pharmaceuticals Manufacturing Corporation of Sri Lanka, which provides medicine to public health services across the country, currently dominates the market, ***producing*** almost half of the drugs manufactured domestically.

**Outlook**

Sri Lanka is keen to build on its success in public health, with the government also showing a willingness to cooperate with the private sector. Some of the improvements to government hospitals are being undertaken through PPP agreements, while the most recent budget includes ***plans*** to establish paying wards within government hospitals in partnership with private operators. How these initiatives will pan out in a country where the government is expected to take a lead and ensure equity of access remains to be seen, however, as privatisation continues to attract considerable political and societal resistance.

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[***Deals Shaping The Medical Industry, December 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R47-R0M1-JD3R-70F4-00000-00&context=1516831)

In Vivo

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**Body**

IN VITRO DIAGNOSTICS

Alliances

Clearbridge BioMedics Pte. Ltd.

Danaher Corp.

[*Leica Biosystems Ltd.*](http://www.pharmaintelligence.informa.com/companies/201200276) and   [*Clearbridge BioMedics Pte. Ltd.*](http://www.pharmaintelligence.informa.com/companies/201300202) will co-promote each other's automated systems for liquid biopsy and circulating tumor cell (CTC) analysis. (Nov.)

Included in the deal are ClearBridge's ClearCell FX, an automated cell retrieval system that allows for the collection of intact and viable CTCs from small amounts of blood obtained in a standard blood draw. The platform, which is powered by the company's CTChip FR1 microfluidics biochip, provides a CTC sample with high cell surface antigen expression and cell integrity, and once output, is immediately ready for downstream analysis through pathology workstations such as Leica's BOND RX. BOND RX is a fully automated staining system for immunohistochemistry, immunofluorescence, and fluorescent in-situ hybridization assays. By marketing both products together, Leica and ClearBridge will be able to present to their drug development and diagnostics clients an integrated system for both the enrichment and immunostaining of CTCs.

Financings

Biocartis NV

Molecular diagnostics firm [*Biocartis NV*](http://www.pharmaintelligence.informa.com/companies/200900463) grossed (EURO)80mm ($95.4mm) through a private placement bookbuild offering of 6.4mm new shares at (EURO)12.50 apiece (a 3% discount). Among other uses, a portion of the proceeds will support expansion of the company's Idylla fully automated molecular testing platform, menu, and applications. (Nov.)

Investment Banks/Advisors: Bank Degroof; JP Morgan Chase & Co.; KBC Securities; Kempen & Co.

Quanterix Corp.

Diagnostics firm [*Quanterix Corp.*](http://www.pharmaintelligence.informa.com/companies/200800357) filed for its initial public offering on the Nasdaq. (Nov.)

Investment Banks/Advisors: BTIG LLC; Evercore Partners; JP Morgan Chase & Co.; Leerink Partners LLC

MEDICAL DEVICES

Mergers & Acquisitions

MicroPort Scientific Corp.

LivaNova PLC

[*MicroPort Scientific Corp.*](http://www.pharmaintelligence.informa.com/companies/200800299) has entered into a binding letter of intent to acquire   [*LivaNova PLC*](http://www.pharmaintelligence.informa.com/companies/199000083)'s (formerly Sorin Group) cardiac rhythm management (CRM) business for $190mm in cash. (Nov.)

The acquired CRM franchise offers high-voltage defibrillators, cardiac resynchronization therapy devices, and low-voltage pacemakers. These products provide a means for diagnosing, treating, and managing heart rhythm disorders and heart failures. For 2016 the business brought in $249mm in sales. It employs 900 people at locations in France, Italy, and the Dominican Republic. LivaNova is divesting the CRM business to focus on its cardiac surgery and neuromodulation businesses. Back in 2014, the firms created a joint venture, [*MicroPort Sorin CRM (Shanghai) Co. Ltd.*](http://www.pharmaintelligence.informa.com/companies/201400083), to import, sell, and service Sorin's CRM devices in China and to manufacture CRM products for the Chinese market. Just two months ago the FDA in China approved the JV's Rega pacemaker family, the smallest pacemakers available on the Chinese market. Investment Banks/Advisors: Barclays Bank PLC (LivaNova PLC)

Owens & Minor Inc.

Halyard Health Inc.

[*Owens & Minor Inc.*](http://www.pharmaintelligence.informa.com/companies/198600406) is paying $710mm in cash to acquire   [*Halyard Health Inc.*](http://www.pharmaintelligence.informa.com/companies/201300660)'s surgical and infection prevention business. (Nov.)

Owens & Minor will fund the transaction with cash and debt. As a result of the transaction, it expects to obtain about $1bn in revenues and $80mm of yearly EBITDA. The acquired business offers a variety of products designed to prevent healthcare-associated infections in both the acute care and non-acute care markets. Specific products included sterilization wraps (One-Step, Quick Check, Smart-Fold), exam gloves (Purple, Lavender, Sterling), surgical drapes and gowns (Aero Blue, Aero Chrome), surgical masks and eyewear (FluidShield), and other surgical protection apparel. Owens & Minor cites the rationale for the acquisition as a means to expand its offerings to existing acute care and non-acute care customers in a wider range of markets worldwide. In addition to infection prevention and surgical solutions, Halyard also sells products for respiratory and digestive health, pain management, and IV therapy. The company spun off from [*Kimberly-Clark Corp.*](http://www.pharmaintelligence.informa.com/companies/198601144) in late 2014. Investment Banks/Advisors: Bank of America Merrill Lynch; Citigroup Inc.; Lazard LLC (Owens & Minor Inc.)

Alliances

AIT Therapeutics Inc.

NitricGen Inc.

[*AIT Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201700171) entered into a letter of intent to acquire worldwide exclusive transferable rights to   [*NitricGen Inc.*](http://www.pharmaintelligence.informa.com/companies/201700484)'s eNOGenerator and related intellectual property. (Nov.)

NitricGen will receive $2mm in the form of an up-front payment and clinical and regulatory milestones (the majority tied to regulatory achievements). It will also get low-single-digit royalties and warrants to purchase 100k shares of AIT common stock at $6.90 each. The eNOGenerator can generate nitric oxide (NO) for delivery into the lungs at various concentrations (1-400 parts per million). Under the proposed agreement, AIT can target all conditions requiring NO at any concentration regardless of the need for intermittent or continuous dosing. At only 7 pounds, eNOGenerator is much more convenient than large high-pressure NO cylinders and can thus be used not only in the hospital but in the home setting. NitricGen had developed the product as a way to generate and deliver a safe controlled dose of gaseous nitric oxide for treating chronic wounds such as diabetic foot ulcers.

APR Applied Pharma Research SA

Mundipharma International Corp. Ltd.

[*Mundipharma International Corp. Ltd.*](http://www.pharmaintelligence.informa.com/companies/198900663) licensed exclusive rights in African and the Levant Region to sell   [*APR Applied Pharma Research SA*](http://www.pharmaintelligence.informa.com/companies/199901262)'s Nexodyn wound cleanser. (Nov.)

Mundipharma's rights cover over 35 African regions including Nigeria, Kenya, Egypt, Algeria, Lebanon, Jordan, Tunisia, and Morocco. Nexodyn AcidOxidizing Solution (AOS) modulates inflammatory mediators in wounds by its three key features--pure hypochlorous acid (an antimicrobial agent), low pH, and high-oxidation reduction potential. The cleanser was developed using APR's super-oxidizing TECHLO technology, and is indicated for the debridement, irrigation, and moistening of wounds (acute and chronic), burns, ulcers, cuts, and abrasions. It received the CE Mark in 2013 and is marketed in Italy by Angelini. Mundipharma ***plans*** to launch the product in some of its territories in the coming months.

Financings

AxoGen Inc.

[*AxoGen Inc.*](http://www.pharmaintelligence.informa.com/companies/200600181) (allografts and surgical tools for peripheral nerve repair) netted $15.9mm through the public offering of 805k shares (including the overallotment) at $21. Selling shareholder EW Healthcare Partners sold an additional 1.15mm shares. The company will use the proceeds for product commercialization and marketing and continued development of its pipeline. Concurrent with the closing of the offering, AxoGen announced ***plans*** to expand the indications for its surgical offerings to breast reconstruction neurotization (sensory restoration) following mastectomy and pain management in addition to the existing core areas of upper extremity trauma, nerve compression, and oral and maxillofacial procedures. (Nov.)

Investment Banks/Advisors: Cantor Fitzgerald & Co.; JMP Securities LLC; Leerink Partners LLC

Insulet Corp.

[*Insulet Corp.*](http://www.pharmaintelligence.informa.com/companies/200100859) (developer of the Omnipod insulin management system) netted $340.2mm through the upsized (from $300mm) private placement of $350mm convertible senior notes due 2024. The notes will bear interest at a rate of 1.375% per annum and convert into common at a rate of 10.7315 shares per $1k principal amount, or $93.18 per share. (The company's stock averaged $61.88 at the time of the sale.) Upon conversion, the notes may be settled in cash, Insulet common shares, or a combination of the two. The firm will use the proceeds to repurchase $63.4mm principal amount of its outstanding 2.00% convertible senior notes due 2019; to potentially finance additional repurchases, redemptions, and/or the settlement of conversions of its 2.00% convertible senior notes due 2019; and invest in its manufacturing operations and international expansion. (Nov.)

Limacorporate SPA

[*Limacorporate SPA*](http://www.pharmaintelligence.informa.com/companies/200001330) raised (EURO)275mm ($320mm) through the sale of senior secured notes due 2023; the notes bear interest at a rate of EURIBOR+3.75% per annum. The company also entered into a (EURO)60mm ($70mm) super senior revolving credit facility. Lima will use the funding to repay outstanding debt under an existing senior facilities agreement. (Nov.)

Neovasc Inc.

Cardiovascular device maker [*Neovasc Inc.*](http://www.pharmaintelligence.informa.com/companies/200300480) netted $35.2mm through the follow-on public offering of 6.6mm Series A units priced at $1.46. Each consists of one common share, one five-year Series A warrant to purchase a share, one two-year Series B warrant to purchase a share, and 0.40 of a two-year Series C warrant to purchase a unit comprised of one common share, one Series A warrant, and one Series B warrant. The company also sold 19.1mm Series B units at $1.46. Each Series B unit consists of either one common share or one pre-funded five-year Series D warrant to purchase a share, one Series A warrant to purchase a share, one Series B warrant to purchase a share, 0.40 of a Series C warrant to purchase a unit comprised of one common share, one Series A warrant and one Series B warrant, and 1.1765 two-year Series F warrants to purchase a share. Neovasc will use the proceeds to fund the balance of the awards granted in the litigation with CardiAQ Valve related to its Tiara technology, and to help fund the ongoing Tiara transcatheter device trial. The company concurrently completed a $32.8mm private placement. (Nov.)

Investment Banks/Advisors: Canaccord Genuity Inc.

Neovasc Inc.

[*Neovasc Inc.*](http://www.pharmaintelligence.informa.com/companies/200300480) (cardiovascular devices) completed a private placement of $32.8mm aggregate principal amount of senior secured convertible notes and Series E warrants to purchase one common share. The 18-month notes will be issued with an original issue price of $850 per $1,000 principal amount and carry an interest rate of 0.0% per year (increasing to 15% upon an event of default). The company concurrently netted $35.2mm through a follow-on offering and will use the proceeds from both financings to fully fund the balance of the awards granted in the litigation with CardiAQ Valve related to its Tiara technology, and to help fund the ongoing Tiara transcatheter device trial. (Nov.)

Investment Banks/Advisors: Canaccord Genuity Inc.

ReWalk Robotics Ltd.

[*ReWalk Robotics Ltd.*](http://www.pharmaintelligence.informa.com/companies/201400454) (wearable robotic exoskeletons for patients with spinal cord injury) netted $7.66mm through the follow-on public sale of 7.89mm ordinary shares (including full exercise of the overallotment) at $1.05. The company will use the proceeds for sales, marketing, and reimbursement costs and for R&D expenses related to its soft suit exoskeleton technology for lower limb disabilities. (Nov.)

Investment Banks/Advisors: National Securities Corp.

Teleflex Inc.

[*Teleflex Inc.*](http://www.pharmaintelligence.informa.com/companies/198600401) (products for vascular access, anesthesia, and respiratory, cardiac, general surgical, and urology procedures) netted $493.7mm through the sale of $500mm 10-year senior notes (mature on November 15, 2027). The notes bear interest at a rate of 4.625%, payable semi-annually each May 15 and November 15. The company ***plans*** to use the offering proceeds to repay existing debt under its revolver. (Nov.)

Investment Banks/Advisors: Bank of America Merrill Lynch; Citigroup Inc.; DNB ASA; Guggenheim Partners LLC; HSBC; JP Morgan & Co.; PNC Financial Services Group Inc.; SMBC Nikko Securities Inc.; US Bancorp Piper Jaffray; Wells Fargo Securities LLC

PHARMACEUTICALS

Mergers & Acquisitions

Astellas Pharma Inc.

Mitobridge Inc.

[*Astellas Pharma Inc.*](http://www.pharmaintelligence.informa.com/companies/198600364) has exercised its option to acquire   [*Mitobridge Inc.*](http://www.pharmaintelligence.informa.com/companies/201300576) (formerly Mitokyne). (Nov.)

In October 2013, the firms penned a potential $730mm deal involving the discovery, development, and commercialization of drugs that improve mitochondrial function. Mitobridge (then known as Mitokyne) was in charge of R&D and delivery of IND candidates to Astellas, which was responsible for clinical trials and commercialization. In addition to getting rights to resulting drugs, Astellas had the exclusive option to acquire the company outright. Concurrent with that agreement, Astellas also participated in the firm's $45mm Series A in which MPM Capital and Longwood Founders Fund each participated. Terms of the acquisition call for Astellas to pay $225mm up front and potentially another $225mm based on clinical development of various ***programs***. However, the actual up-front payment will be $165.5mm once Astellas' existing stake in Mitobridge is factored in. Post-acquisition, Mitobridge will become a wholly owned Astellas subsidiary. The most advanced ***program*** coming out of the 2013 alliance was MA0211, a PPAR-delta modulator currently in Phase I for Duchenne muscular dystrophy. The candidate is designed to reverse the mitochondrial defects that cause DMD to progress. Mitobridge's pipeline also has preclinical ***programs*** for liver, kidney, neurodegenerative, muscle, and ophthalmic diseases.

Mallinckrodt PLC

Ocera Therapeutics Inc.

[*Mallinckrodt PLC*](http://www.pharmaintelligence.informa.com/companies/198601186) is acquiring US-based   [*Ocera Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/200600037), a publicly-traded firm developing a treatment for hepatic encephalopathy (HE). (Nov.)

Ocera's sole candidate is OCR002, an ammonia scavenger in Phase II trials for HE, a neuropsychiatric syndrome associated with hyperammonemia (a complication of chronic or acute liver disease). The candidate works by eliminating excess ammonia in the bloodstream and excreting it through the kidneys. It has orphan drug designation in the US and Europe, as well as fast-track designation in the US; Mallinckrodt ***plans*** to initiate Phase III trials of both an IV and oral formulation, with targeted launch dates for both forms by 2022 and 2024, respectively. It will pay $1.52 per share (a 46% premium; roughly $42mm) to acquire all of Ocera's outstanding stock, and will also issue Ocera shareholders one Contingent Value Right (CVR) to receive payments in cash of up to $2.58 per share based on certain milestones. (In aggregate, CVRs could result in payments of $10mm upon enrollment of the first patient in a Phase III oral trial with OCR002; $15 when the first patient is enrolled for the Phase III intravenous trial; and $50mm when cumulative product sales first exceed $500mm.) The acquisition builds out Mallinckrodt's hepatic and renal disease pipeline, and is complementary to the company's Phase III hepatorenal syndrome asset terlipressin.

Melinta Therapeutics Inc.

The Medicines Co.

[*The Medicines Co.*](http://www.pharmaintelligence.informa.com/companies/199600430) is selling its infectious disease business to   [*Melinta Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/200200095) for $270mm in up-front and earn-out payments, plus royalties ranging from 5-25% on global sales of three antibiotics. (Nov.)

The acquisition includes global rights for three marketed drugs--recently launched Vabomere (meropenem/vaborbactam) for urinary and respiratory tract infections, Orbactiv (oritavancin) for skin and skin-structure infections caused by gram-positive bacteria including methicillin-resistant Staphylococcus aureus, and Minocin (minocycline) for infections due to susceptible strains of several gram-positive and gram-negative pathogens--as well as the business supporting those products. The deal positions Melinta as a pure-play antibiotics firm with TMC's antibiotics joining its pipeline containing Baxdela (delafloxacinfor), which is approved for acute bacterial skin and skin structure infections, but also in various stages of clinical development for other infections. Specific terms of the agreement are Melinta paying out $165mm in cash and $55mm of its common shares up front. In addition, it will shell out $25mm in cash one-year after the deal closes and another $25mm in cash on the 18-month anniversary of the closing. Royalties are as follows: 5% for US net sales of Vabomere above $50mm and at or below $100mm, 7.5% for sales above $100mm and at or below $200mm, 15% for sales over $200mm and at or below $500mm, and 25% on sales exceeding $500mm; 5% for combined US sales of Orbactiv and Minocin IV at or below $100mm and 15% on sales over $100mm; for combined sales of Vabomere, Orbactiv, and Minocin outside the US, the royalty rate is 15%. TMC royalty rights can be transferred to a third party, including a royalty monetization transaction. The divestiture allows TMC to focus exclusively on its Phase III cholesterol drug candidate inclisiran, which the firm expects will compete with the likes of Amgen's Repatha (evolocumab; generated 2016 sales of $101mm) and Regeneron's Praluent (alirocumab; US sales of $61.5mm last year). According to BioMedTracker inclisiran has a 56% likelihood of approval (9% above average). TMC announced its ***strategic*** ***plans*** to move towards concentrating on the drug back in late 2015. Soon thereafter the firm ponied up $175mm in cash up front and a potential $235mm in milestones for three of [*Mallinckrodt PLC*](http://www.pharmaintelligence.informa.com/companies/198601186)'s hemostasis brands. In May 2016 TMC sold   [*Chiesi Farmaceutici SPA*](http://www.pharmaintelligence.informa.com/companies/199200192) three cardiovascular assets for $260mm up front and up to $480mm in sales milestone payments. The current deal with Melinta comes just over four months after Melinta merged with Cempra to create an industry leading anti-infectives company. In conjunction with the closing of the TMC acquisition, Melinta entered into an agreement with Deerfield Management in which the private equity firm will initially provide $190mm in debt (six-year term with interest rate of 11.75%) and equity financing (giving Deerfield a 10% stake). An additional $50mm in debt is available to Melinta within 24 months of the acquisition close upon the achievement of $75mm in annualized sales measured on the basis of its most recent six-month business period. Melinta will use the financing to fund the up-front payment for the TMC acquisition and to retire $40mm in debt. Deerfield will also earn a low-single-digit royalty on sales of Vabomere when the drug exceeds $75mm in sales and ending when sales exceed $500mm. In addition to the funding from Deerfield, certain Melinta investors are committed to make a $30mm equity investment at closing. Concurrent with the agreement, Deerfield Management has provided TMC with a $100mm loan that bears an interest of 5% per annum and, if drawn upon, will mature on the earlier of either the closing of the Melinta transaction or one year. Investment Banks/Advisors: Citigroup Inc. (The Medicines Co.)

OncoResponse Inc.

Paganini Biopharma Inc.

Two-year old [*OncoResponse Inc.*](http://www.pharmaintelligence.informa.com/companies/201500629) acquired fellow privately owned cancer biotech   [*Paganini Biopharma Inc.*](http://www.pharmaintelligence.informa.com/companies/201700499) for an undisclosed sum. (Nov.)

Paganini was formed based on technology licensed from UCLA. The company brings to OncoResponse an anti-epithelial membrane protein 2 (EMP2) fully human mAb which OncoResponse has coded ONCR201. EMP2 is over-expressed in endometrial and ovarian cancers, as well as triple-negative breast cancer. The candidate is slated to begin clinical trials in 2019, with potential as both a monotherapy and in combination with immunotherapies. OncoResponse adds ONCR201 to a pipeline that already includes projects for melanoma, non-small cell lung cancer, prostate and gastric cancers, and chronic myeloid leukemia. The company was spun out of [*MD Anderson Cancer Center*](http://www.pharmaintelligence.informa.com/companies/199300197) and Theraclone in 2015 and raised $22.5mm through a Series A round that closed last year. Paganini reportedly approached one of OncoResponse's investors for funding, at which point the investor suggested the possibility of an acquisition.

Shanghai Pharmaceuticals Holding Co. Ltd.

Cardinal Health Inc.

Shanghai Pharmaceuticals Holding Co. Ltd. agreed to buy Cardinal Health's Cardinal Health China (CHC) distribution business for $1.2bn. (Nov.)

The acquisition is limited to Cardinal's Chinese pharmaceutical and medical products distribution assets and does not include Cordis (acquired in 2015); its patient monitoring and recovery business acquired from Medtronic earlier this year; its medical sourcing division; or any other Cardinal subsidiaries in China. Ranked as China's number eight distributor, CHC's offerings include pharmaceuticals, medical devices, surgical supplies, specialty pharmaceuticals, vaccines, diagnostics, and consumer health products. It boasts a network covering 322 cities, offers direct distribution to more than 7k healthcare institutions (including hospitals, outpatient surgery centers, retail pharmacies, personal care stores, and e-commerce) across 11 major Chinese cities, has 28 pharmacies in 20 cities, and provides importation and logistics services. Cardinal announced in July 2017 that it was seeking alternatives for its CHC division to effectively sustain its growth. Shanghai Pharmaceuticals, with its existing distribution subsidiaries and pharmaceutical manufacturing units across China, believes it can effectively support CHC; the addition of CHC's distribution capabilities (with 15 centers across China) will enhance and grow Shanghai's existing infrastructure and enable it to explore additional opportunities in both China and the US. Investment Banks/Advisors: Lazard LLC (Cardinal Health Inc.)

Alliances

Alkermes PLC

Biogen Inc.

[*Alkermes PLC*](http://www.pharmaintelligence.informa.com/companies/198800695) licensed   [*Biogen Inc.*](http://www.pharmaintelligence.informa.com/companies/198601366) exclusive worldwide rights (including the right to sublicense) to develop, manufacture, and commercialize ALKS8700, which is a Phase III small-molecule prodrug of monomethyl fumarate for treating relapsing forms of multiple sclerosis. The rights also extend to other products that incorporate Alkermes' intellectual property. (Nov.)

In return for the license, Alkermes receives $28mm up front, a $50mm payment if Biogen opts to continue in the collaboration following Phase III safety results, and a $150mm milestone upon FDA approval of ALKS8700 on or before December 31, 2021. (The NDA is expected to be submitted in 2018.) Alkermes also receives a royalty in the mid teens on global sales of ALKS8700 (possibly subject to minimum annual payments for the first five years after FDA approval), and tiered royalties ranging from high-single-digits to low-double-digits of products other than ALKS8700 (***Strategic*** Transactions assumes 7-29%). Alkermes will develop ALKS8700 until FDA approval, after which Biogen takes over development and associated costs. Biogen will pay half of the development costs incurred by the Alkermes in 2017. Alkermes retains the right to manufacture clinical and commercial supplies of any products, subject to Biogen's right to manufacture (or have manufactured) commercial supplies. Biogen holds expertise in the area of MS as evidenced by the success of its Tecfidera (dimethyl fumarate). Alkermes ***plans*** to seek approval of ALKS8700 under the 505(b)(2) regulatory pathway referencing Tecfidera, and the registration package will include pharmacokinetic bridging studies that establish bioequivalence of the compound to Tecfidera as well as from a two-year Phase III safety trial. For 2016, the drug generated nearly $4bn in worldwide sales. ALKS8700 is designed to rapidly and efficiently convert to monomethyl fumarate in the body and to offer a better differentiated gastrointestinal tolerability compared to Tecfidera. In addition, ALKS8700 is patent protected until 2033. According to Biomedtracker ALKS8700 has a 57% likelihood of approval, which is 5% above average).

AstraZeneca PLC

PhaseBio Pharmaceuticals Inc.

[*MedImmune LLC*](http://www.pharmaintelligence.informa.com/companies/198700795) granted   [*PhaseBio Pharmaceuticals Inc.*](http://www.pharmaintelligence.informa.com/companies/200700179) exclusive global rights to MEDI2452 (renamed PB2452), which is entering Phase I trials as a reversal agent for the anticoagulant ticagrelor (marketed as Brilinta). Financial terms were not disclosed. (Nov.)

Ticagrelor inhibits the P2Y12 receptor, a key protein responsible for platelet aggregation, and is prescribed as an anticoagulant. It is unique from other P2Y12 inhibitors in that ticagrelor can reversibly bind to the receptor, making it the only oral antiplatelet drug that can be reversed if needed (in the case of severe bleeding or the need for immediate surgery). MEDI2452, an intravenous Fab antibody fragment, demonstrated in preclinical studies the ability to attach to ticagrelor, reverse platelet aggregation caused by the drug, and thus normalize bleeding. PhaseBio ***plans*** to commence Phase I studies during the first half of 2018. The candidate diversifies the company's pipeline beyond cardiopulmonary therapeutics; it currently has projects in various stages of development for conditions including pulmonary arterial hypertension, DMD-related cardiomyopathy, cystic fibrosis, and heart failure.

AstraZeneca PLC

G1 Therapeutics Inc.

[*G1 Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201300596) will study its investigational CDK inhibitor G1T38 in combination with   [*AstraZeneca PLC*](http://www.pharmaintelligence.informa.com/companies/198601342)'s EGFR inhibitor Tagrisso (osimertinib) under a recently signed clinical trial collaboration. (Nov.)

G1T38 is an oral CDK4/6 inhibitor that G1 is studying in Phase II ER+, HER2- breast cancer trials and in preclinical studies for non-small cell lung cancer. The candidate has strong potential when used in combination with other compounds, including growth signaling inhibitors, leading the company to pursue a combo regimen with AZ's Tagrisso, which is already marketed for NSCLC and is in earlier trials for liver cancer. G1 will sponsor and conduct a Phase I/IIb trial of G1T38/Tagrisso in patients with the EGFR T790M mutation whose disease has progressed while on first-line EGFR inhibitors. The study is expected to begin in early 2018.

AstraZeneca PLC

Moderna Therapeutics LLC

Continuing a successful relationship that began four years ago, [*Moderna Therapeutics LLC*](http://www.pharmaintelligence.informa.com/companies/201200829) and   [*AstraZeneca PLC*](http://www.pharmaintelligence.informa.com/companies/198601342) penned a new agreement in the cardiovascular space, this time to develop and sell a messenger RNA (mRNA) therapeutic encoding for the relaxin protein. (Nov.)

Under terms of the new deal, Moderna will fund and carry out preclinical studies of AZD7970, an mRNA therapy that promotes production and expression of relaxin, a secreted protein that is beneficial to cells impacted by heart failure and could potentially lead to heart tissue regrowth, renal function improvement, and hepatic portal pressure relief. AZD7970 incorporates Moderna's propriety N2GL formulation, which allows for systemic repeated dosing. This aspect makes the candidate an attractive alternative to other relaxin-based projects, including Novartis's serelaxin (RLX030), which failed in Phase III trials after it didn't show any positive long-term effects. (With a half-life of around two hours, Novartis infused the drug continuously over a 48-hour period, but it did not provide desired results. Moderna's mRNA formulation keeps molecules stable in the system over a longer period of time, which helps cells ***produce*** the drug longer.) AZ is responsible for early clinical trials, after which point the partners will work together on and fund late-stage development. US commercialization rights will be split under a 50/50 profit sharing agreement, while ex-US marketing will be led by AZ (with Moderna receiving tiered royalties up to double-digits on ex-US sales). In 2013, the partners teamed up to develop AZD6801, a localized mRNA therapy that encodes for VEGF-A and is entering Phase IIa trials in heart failure patients who need cardiac bypass grafting surgery. Moderna notes that AstraZeneca is one of the company's largest shareholders.

Bayer AG

Loxo Oncology Inc.

[*Loxo Oncology Inc.*](http://www.pharmaintelligence.informa.com/companies/201300420) licensed   [*Bayer AG*](http://www.pharmaintelligence.informa.com/companies/198600358) co-exclusive worldwide rights to its Phase II TRK (tropomyosin receptor tyrosine kinase) fusion inhibitors larotrectinib and LOXO195. (Nov.)

Bayer pays $400mm up front and a total of $650mm in regulatory and first commercial sales milestones related to events in undisclosed major markets--$450mm for larotrectinib and $200mm for LOXO195. In addition, Bayer is responsible for a $25mm milestone tied to US net sales, and outside the US, the company will pay $475mm in sales milestones and tiered, double-digit royalties. The partners will co-promote the therapies in the US--with Loxo targeting laboratory specialists and pathologists, and Bayer focusing on oncologists--and will equally split commercial costs and profits. Loxo has the option to pull out of the co-promote agreement; in that case, it would receive a low 30% royalty range on US sales instead of the profit split. Loxo will also lead US development and regulatory activities. Elsewhere in the world, Loxo is in charge of development, but Bayer will lead regulatory and commercialization efforts. The companies will share ex-US development expenses equally. Bayer will book global revenues. The transaction additionally carries a standstill provision that prevents Bayer from taking an equity stake of 5% or more in Loxo voting securities. Larotrectinib and LOXO195 are part of a group of compounds that Loxo was founded around in 2013. The company got the ***programs*** from Array BioPharma. Their deal also involves 12 other targets beyond TRK. Both larotrectinib and LOXO195 are in multiple Phase II studies covering a broad range of cancers including non-small cell lung, thyroid, and breast cancers. LOXO195 is designed for patients who respond to larotrectinib, but develop resistance. Larotrectinib is one of a few targeted cancer therapies that are involved in a basket trial, in which patients are recruited and selected based on a molecular signature, rather than the tissue type of the tumor. The FDA recently approved the first such tissue-agnostic product when it cleared Merck & Co.'s Keytruda for unresectable or metastatic solid tumors identified with the MSI-high or mismatch repair deficient biomarkers. Under a 2017 collaboration with Loxo, Ventana Medical Systems is developing a companion diagnostic for larotrectinib. Loxo expects to file an NDA for the candidate in Q4 2017 or Q1 2018. Bayer has a substantial portfolio of targeted cancer therapies including Stivarga, Nexavar, and the recently approved Aliqopa.

Bayer AG

PeptiDream Inc.

In a discovery and license collaboration valued up to $1.1bn, Japanese pharma [*PeptiDream Inc.*](http://www.pharmaintelligence.informa.com/companies/201300271) will use its Peptide Discovery Platform System (PDPS) technology to identify macrocyclic/constrained peptides against multiple targets chosen by   [*Bayer AG*](http://www.pharmaintelligence.informa.com/companies/198600358). (Nov.)

The deal value is composed of an undisclosed up-front payment; research funding; preclinical, clinical and commercialization milestones of up to $1.11bn (¥124.5bn); and undisclosed royalties on sales. Bayer will hold the rights to develop and commercialize any compounds identified in the collaboration. The agreement also includes an exercisable option which would give Bayer an extension of the license to include peptide-drug conjugate, diagnostic, bio-imaging, and ***agricultural*** applications. PDPS is a next-generation hit-finding platform which combines the following three main technologies: Flexizyme/PDTS (ribosome and transcription-translation system for ribosomal peptide synthesis), Cyclization/Modification Technologies (diverse libraries of constrained or cyclized peptides), and PD Display (library selection to allow for hit candidate identification). PeptiDream is currently involved in discovery collaborations with 17 large pharma companies and has transferred its PDPS platform for broad use to BMS, Novartis, Lilly, Genentech, and Shionogi. Also very active is Bayer, who just last week inked a major license agreement with Loxo Oncology worth up to $1.55bn for solid tumor candidates larotrectinib and LOXO195.

Boehringer Ingelheim GMBH

Dicerna Pharmaceuticals Inc.

[*Boehringer Ingelheim GMBH*](http://www.pharmaintelligence.informa.com/companies/198600820) entered into a license agreement with   [*Dicerna Pharmaceuticals Inc.*](http://www.pharmaintelligence.informa.com/companies/200700786) in which the companies will use Dicerna's GalXC RNAi technology to develop therapeutics that target a specific disease-linked gene in the hepatocytes for chronic liver disease. (Nov.)

BI must pay Dicerna up to $201mm, consisting of $10mm up front and success-based development and commercialization milestones of up to $191mm, plus potential staggered royalties tiered from high single-digits to low double-digits (***Strategic*** Transactions assumes 7% to 29%) on worldwide net sales. While the partnership will initially focus on developing products against one specific target gene for treating nonalcoholic steatohepatitis (NASH), the companies have an option to later develop further candidates that target a second gene. Dicerna will be responsible for discovery and initial profiling (including preclinical studies), while BI will evaluate and select the candidates for further development. If BI chooses one or more candidates to license it will then be responsible for further preclinical work, along with all clinical development, manufacturing, and commercialization activities. The GalXC technology uses RNAi to inhibit expression of disease-causing genes by destroying the messenger RNA of those genes. This approach enables addressing previously inaccessible drug targets to protect and restore liver functionality in NASH patients. Additionally, GalXC offers highly specific binding to gene target, long duration of action, and an infrequent subcutaneous dosing regimen. As the technology can be applied across multiple therapy areas, BI may be able to utilize it with its cardiometabolic pipeline.

Boehringer Ingelheim GMBH

HitGen Ltd.

[*HitGen Ltd.*](http://www.pharmaintelligence.informa.com/companies/201700369) entered into a drug discovery collaboration in which it will identify novel small molecules for targets of interest to   [*Boehringer Ingelheim GMBH*](http://www.pharmaintelligence.informa.com/companies/198600820). (Nov.)

While specific financial details of the agreement were not disclosed, BI agreed to make up-front payments and milestones to HitGen resulting from any licensing activity. HitGen will use its technology platform based on DNA-encoded library design and synthesis and screening to find the leads for BI. The company's DNA-encoded chemical libraries contain more than 90 billion novel, diverse, drug-like small-molecule and macrocycle compounds.

Boehringer Ingelheim GMBH

iPharma (H.K.) Ltd.

[*iPharma (H.K.) Ltd.*](http://www.pharmaintelligence.informa.com/companies/201600491) licensed exclusive worldwide rights to   [*Boehringer Ingelheim GMBH*](http://www.pharmaintelligence.informa.com/companies/198600820)'s BI853520. (Nov.)

BI853520, a focal adhesion kinase inhibitor (FAKi), has completed Phase I trials for multiple solid tumors, including advanced pancreatic adenocarcinoma, platinum-resistant ovarian cancer, esophageal cancer, and soft tissue sarcoma. FAKs control a variety of cellular functions important for tumorigenesis and its inhibition has been shown to be a factor in halting tumor growth and metastasis via cancer cell- and immune-mediated effects. IPharma is expected to initiate Phase I/II studies in 2018 for BI853520 in combination with immune checkpoint inhibitors. In exchange for the rights, iPharma is required to pay BI an undisclosed up-front payment along with future milestones and royalties. IPharma was formed as a 2016 joint venture between Chinese investor I-Bridge Capital and Israeli biotech [*BioLineRx Ltd.*](http://www.pharmaintelligence.informa.com/companies/200500049) with a focus on treating unmet medical needs in China. The JV team has already brought more than 10 novel candidates into trials in the APAC region.

Boehringer Ingelheim GMBH

MiNA Therapeutics Ltd.

[*Sosei Group Corp.*](http://www.pharmaintelligence.informa.com/companies/199700078)'s ***strategic*** minority investment company   [*MiNA Therapeutics Ltd.*](http://www.pharmaintelligence.informa.com/companies/201700207) agreed to partner with   [*Boehringer Ingelheim GMBH*](http://www.pharmaintelligence.informa.com/companies/198600820) to develop treatments for fibrotic liver diseases, including NASH. (Nov.)

The companies will seek to identify targets that restore the metabolic functionality of epatocytes and prevent fibrotic tissue formation in patients with NASH. The deal represents MiNA's first major collaboration since Sosei made a $45.2mm equity investment (for a 25.6% stake and the option to acquire it outright) in May 2017, and leverages the company's expertise in small activating RNA therapeutics. Per the terms of the agreement, MiNA will receive an up-front payment and research funding from BI as well as potential research, development, and regulatory milestone payments of up to (EURO)307mm ($356.1mm), along with double-digit royalties on sales. Just the other day BI inked a similar deal with Dicerna Pharmaceuticals in which the companies will use Dicerna's GalXC RNAi technology to develop therapeutic compounds that target a specific disease-linked gene in the hepatocytes for chronic liver disease. Investment Banks/Advisors: Ferghana Partners (MiNA Therapeutics Ltd.)

Cue Biopharma Inc.

Merck & Co. Inc.

[*Cue Biopharma Inc.*](http://www.pharmaintelligence.informa.com/companies/201700052) and   [*Merck & Co. Inc.*](http://www.pharmaintelligence.informa.com/companies/198600186) entered a multi-year partnership to develop engineered biologics for autoimmune diseases. (Nov.)

The partners will use Cue's CUE Biologics platform (Conditional and Unique Engagement of T cells) to develop candidates that are engineered to selectively modulate T-cell subsets relevant to undisclosed autoimmune diseases and dampen disease-causing T-cell response. Merck made an up-front payment and will hand over up to $374mm in development, regulatory, and sales milestones, plus tiered royalties. Compounds designed using the CUE Biologics technology mimic antigen presenting cells to deliver immune signals to diseases cells. In addition to immune conditions, the platform is also applied to cancer cells in the opposite manner (instead of ablating the T-cell response, CUE Biologics for cancer selectively activate such responses). The technology is based on IP that Cue licensed from the [*Albert Einstein College of Medicine*](http://www.pharmaintelligence.informa.com/companies/199400110). The company was formed in 2015, and is currently pursuing an initial public offering following two rounds of venture funding (totaling $26.4mm).

Homology Medicines Inc.

Novartis AG

[*Novartis AG*](http://www.pharmaintelligence.informa.com/companies/198600519) licensed exclusive worldwide rights to   [*Homology Medicines Inc.*](http://www.pharmaintelligence.informa.com/companies/201600306)'s AMEnDR (AAV-Mediated Editing by Direct Homologous Recombination) gene editing technology platform to develop therapeutics for a blood disease and select ophthalmic targets. (Nov.)

In exchange for its global license, Novartis--a participant in Homology's August 2017 $83.5mm Series B round--provided an up-front payment and will make another equity investment in the company. Homology will also receive research funding to advance development ***programs***, milestone payments, and sales royalties. Homology retains US commercialization rights and shares US profits with Novartis for in vivo applications within hemoglobinopathy, one therapeutic focus of the 2015 start-up (which is also pursuing a pipeline of gene therapies in metabolism, CNS and lysosomal storage disorders, and other rare genetic diseases). The AMEnDR platform corrects gene defects using a natural DNA repair mechanism in which homology sequences are designed and engineered to precisely target a specific region of the genome and then delivered using adeno-associated virus (AAV) vectors. The company has demonstrated in preclinical studies the ability of its AAV vectors to cross the blood brain barrier and provide biodistribution to multiple tissue types, including liver, muscle (skeletal and cardiac), ocular, and CNS. The AMEnDR technology, which can be used in gene correction, insertion, or knockout, eliminates the off-target effects potentially seen in nuclease-based gene editing approaches. CRISPR, one such technique the Novartis Institutes for BioMedical Research is also exploring, can easily disrupt a gene sequence (by insertion or deletion), but proves more challenging in fixing a gene error. Novartis will exploit Homology's technology to pursue a single AAV candidate for direct injection into the bloodstream to fix a defective gene causing a blood disease; therapies delivered locally to the eye in ophthalmic diseases; and NIBR-nominated research projects in potentially other therapeutic areas.

I-MAB Biopharma

MorphoSys AG

[*MorphoSys AG*](http://www.pharmaintelligence.informa.com/companies/199500436) granted   [*I-MAB Biopharma*](http://www.pharmaintelligence.informa.com/companies/201700525) exclusive rights in China, Taiwan, Hong Kong, and Macao to MOR202, a CD38 antagonist in Phase II trials for relapsed/refractory multiple myeloma. (Nov.)

I-MAB will pay $20mm up front, up to $100mm in development and sales milestones, and tiered double-digit royalties. The HuCAL antibody was part of a 2013 deal with Celgene through which MorphoSys had granted Celgene exclusive global development and commercialization rights in return for close to $820mm ($154mm in cash and equity up front and the remainder in milestones), but the partners mutually terminated the deal in 2015 and all rights were returned. I-MAB now ***plans*** to initiate trials in China within the next year. The company was formed earlier this year as a result of the merger between Tasgen Bio-Tech and Third Venture Biopharma. The combined entity's pipeline holds a number of candidates in various stages of development for immuno-oncology and autoimmune diseases.

Johnson & Johnson

Zymeworks Inc.

[*Zymeworks Inc.*](http://www.pharmaintelligence.informa.com/companies/200900316) licensed   [*Janssen Biotech Inc.*](http://www.pharmaintelligence.informa.com/companies/201100354) global rights to use its Azymetric and EFECT (Effector Function Enhancement and Control Technology) platforms in the research, development, and commercialization of up to six bispecific antibodies against Janssen targets. (Nov.)

In exchange for the rights, Janssen will pay Zymeworks $50mm up front, up to $282mm in development milestones, up to $1.12bn in sales milestones, and tiered royalties. Janssen has an option to develop two additional bispecific antibodies and would pay an option fee to Zymeworks. With a potential value of $1.5bn, the deal is Zymeworks' largest to date. The Azymetric technology enables monospecific antibody candidates to provide dual targeting of receptors and ligands, with immunoglobulin-1-like biophysical and functional properties and manufacturability. The EFECT platform enables up or down regulation of antibody-mediated immune cell interactions. Zymeworks has been using the Azymetric technology in the development of its lead asset ZW25, a HER2-targeting bispecific currently in Phase I for breast, gastric, and ovarian cancers. The company ***plans*** to use most of the proceeds from the Janssen collaboration to fund ongoing trials of ZW25, and to move preclinical ***programs*** into human trials. Janssen is Zymeworks' sixth major partner followed by previous agreements with Daiichi Sankyo (2016), GSK (2016 and 2015), Celgene (2015), Lilly (2014), and Merck (2011).

Kwangdong Pharmaceutical Co. Ltd.

Palatin Technologies Inc.

Korean pharmaceutical firm [*Kwangdong Pharmaceutical Co. Ltd.*](http://www.pharmaintelligence.informa.com/companies/200800544) gained exclusive Korean development and commercialization rights to   [*Palatin Technologies Inc.*](http://www.pharmaintelligence.informa.com/companies/199700067)'s Rekynda (bremelanotide) for female sexual dysfunction (FSD). (Nov.)

Kwangdong will handle all clinical development and regulatory activities required for commercialization within its territory, paying Palatin $500k up front, $3mm upon bremelanotide's first commercial sale in Korea, up to $37.5mm in sales milestones, and mid-single-digit to low double-digit royalties (***Strategic*** Transactions assumes 4-29%). Administered subcutaneously using a single-use autoinjector pen, bremelanotide (a synthetic peptide analog) is believed to activate melanocortin, a pathway known to be involved in sexual desire and response. In August 2016 Rekynda completed Phase III trials for the on-demand treatment of hypoactive sexual desire disorder (HSDD; the single-largest specific FSD diagnosis) in premenopausal women, meeting both efficacy endpoints. An NDA filing is expected in Q1 2018. Under separate agreements earlier this year, Palatin granted exclusive development and commercialization licenses for bremelanotide to both AMAG Pharmaceuticals (in North America) and Fosun Pharma (in China, Taiwan, Hong Kong, and Macau). The current deal furthers Palatin's global market growth for the candidate and enables Kwangdong to expand its existing portfolio of OTC and ethical pharmaceuticals (in areas including cancer, CNS, metabolic, respiratory, and urinary) into women's health.

Merck KGAA

Orexigen Therapeutics Inc.

[*Orexigen Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/200400153) penned a deal with   [*Merck KGAA*](http://www.pharmaintelligence.informa.com/companies/198601187) for marketing and distribution of Orexigen's obesity drug Contrave (burpropion/naltrexone) in Latin America (including Brazil, Mexico, Argentina, Chile, Bolivia, Paraguay, Uruguay, Colombia, Ecuador, Peru, Venezuela, Honduras, Guatemala, Dominican Republic, Nicaragua, Panama, Costa Rica, Belize, and El Salvador). (Nov.)

Orexigen chose Merck because of its strong presence in Latin America and its experience in the field of obesity and related complications. Merck will make an up-front payment plus regulatory and sales milestones, and is responsible for all regulatory and commercialization activities. Orexigen will supply Contrave to Merck. The drug is marketed in 67 countries globally (also under the name Mysimba) through partners including Valeant, Rovi, [*Biologix FZCo.*](http://www.pharmaintelligence.informa.com/companies/201200695), Bruno, Navamedic, and Cheplapharm. Orexigen is currently in discussions with additional companies for marketing of the therapy in the EU and other ex-US countries.

NanoCarrier Co. Ltd.

Vascular Biogenics Ltd.

[*Vascular Biogenics Ltd.*](http://www.pharmaintelligence.informa.com/companies/200400094) (VBL) licensed   [*NanoCarrier Co. Ltd.*](http://www.pharmaintelligence.informa.com/companies/200200159) exclusive rights to develop and commercialize its lead cancer compound VB111 (ofranergene obadenovec) in Japan for all indications. (Nov.)

For the license, NanoCarrier will pay $15mm up front, more than $100mm in potential development and sales milestones, and tiered royalties in the high teens. NanoCarrier will handle all development, regulatory activities, and commercialization of VB111 in Japan and VBL will supply the product. VB111 is a gene therapy in various stages of development for a number of oncology indications--Phase III for recurrent glioblastoma; Phase II for thyroid, ovarian, peritoneal, fallopian tube, and endometrial cancers and sarcoma; Phase I for non-small cell lung, neuroendocrine, and renal cancers; and preclinical studies for melanoma. The companies ***plan*** to explore future oncology partnerships with each other.

Neurimmune Holdings AG

Ono Pharmaceutical Co. Ltd.

Swiss biotech [*Neurimmune Holdings AG*](http://www.pharmaintelligence.informa.com/companies/200700849) is teaming up with Japanese company   [*Ono Pharmaceutical Co. Ltd.*](http://www.pharmaintelligence.informa.com/companies/199000105) to develop human-derived monoclonal antibodies to treat neurodegenerative diseases. (Nov.)

In exchange for exclusive worldwide development and marketing rights to resulting product candidates, Ono makes an up-front payment and will be responsible for research fees, R&D success milestones, and sales royalties. Using its Reverse Translational Medicine (RTM) platform, Neurimmune ***plans*** to discover, generate, and validate mAbs against a target for neurodegenerative diseases, which Ono will develop and market. The RTM molecular engineering technology, using high-throughput analyses of human immune responses to disease-related proteins in selected populations, identifies antibodies with superior biophysical, pharmacological, and safety properties, preserving those favorable qualities to create highly optimized drugs. Neurimmune's development efforts are already heavily concentrated in CNS, including lead Alzheimer's disease candidate aducanumab (now in Phase Ib), discovered using RTM under a 2007 collaboration with [*Biogen*](http://www.pharmaintelligence.informa.com/companies/198600246) (which later went on to acquire three of Neurimmune's RTM-derived neurology ***programs*** in Parkinson's disease, AD, and dementia in 2010). For Ono, with its mostly cancer-focused pipeline, the current neurodegenerative disease deal is an opportunity to further expand into this therapeutic area. It has a 2013 partnership with Bial--from which it licensed Japanese rights to ONO2370 (opicapone), a COMT inhibitor now in Phase II in Japan for PD (and approved in the EU as Ogentys)--as well as a 2005 partnership with Novartis for Japanese rights to the Exelon rivastigmine transdermal patch for AD (approved in Japan in 2011). Ono was also developing internally ONO2160 (a carbidopa/levodopa prodrug) for PD, but discontinued it earlier this year after Phase I trials failed to show efficacy.

Nihon Trim Co. Ltd.

Tissue Genesis LLC

[*Human Life CORD Japan Inc.*](http://www.pharmaintelligence.informa.com/companies/201700489) licensed exclusive commercialization rights in China and Japan to certain   [*Tissue Genesis LLC*](http://www.pharmaintelligence.informa.com/companies/200600551) stem cell processing products for commercial applications and medical research. (Nov.)

Under the deal's 10-year term, HLC will exclusively market in Chinese and Japanese clinics, research institutions, and hospitals TG's Icellator automated stem cell isolation system. In a procedure that takes about an hour, the Icellator collects a patient's own cells from excess adipose (fatty) tissues to ***produce*** stromal vascular fraction (SVF) cells, which are then isolated, purified, and processed. The SVFs can later be re-injected back into other parts of the body as regenerative stem cell therapies. HLC and TG will together conduct activities related to the system's regulatory approval in Asia, with a first indication in breast reconstruction, for which a clinical trial is in progress in Japan at the at Kansai Medical University. The Icellator is already approved in multiple countries, including Korea, the Ukraine, and the Bahamas. US clinical trials are in progress for critical and lower-limb ischemia, amputation site pain, and erectile dysfunction. The company also believes it has potential in additional tissue regeneration indications, including osteoarthritis, diabetic leg pain, and cranio-fascial trauma. TG also offers other cell culture and tissue processing products such as Icellator cartridges and the Adipase blend of functionally screened, characterized, and optimized enzymes used to maximize cell isolation yields from adipose tissues. HLC was established earlier this year as a private regenerative medicines division of the diversified public Japanese conglomerate [*Nihon Trim Co. Ltd.*](http://www.pharmaintelligence.informa.com/companies/200101136) (uses electrolysis technology in applications related to purified drinking water).

OncoQuest Inc.

Tesaro Inc.

[*Tesaro Inc.*](http://www.pharmaintelligence.informa.com/companies/201000205) and   [*OncoQuest Inc.*](http://www.pharmaintelligence.informa.com/companies/201700500) partnered to evaluate the combination of Tesaro's Zejula (niraparib) with OncoQuest's oregovomab for recurrent ovarian cancer. (Nov.)

Zejula, an oral poly ADP ribose polymerase (PARP) 1 and 2 inhibitor, is marketed for adults with recurrent epithelial ovarian, fallopian tube, or primary peritoneal cancers who have responded to platinum-based chemo. It is also in Phase III for breast cancer, and earlier trials for non-small and small cell lung, prostate, and brain cancers, as well as melanoma and Ewing's sarcoma. Oregovomab, a high affinity monoclonal antibody, is designed to bind to the tumor associated antigen CA125 and is in Phase II ovarian cancer trials. OncoQuest will sponsor a Phase I/II trial of the Zejula/oregovomab combo, which will be partially funded by Tesaro. The study is expected to begin in 2018.

Pernix Therapeutics Holdings Inc.

SI Pharmaceuticals LLC

[*SI Pharmaceuticals LLC*](http://www.pharmaintelligence.informa.com/companies/201700505) acquired   [*Pernix Therapeutics Holdings Inc.*](http://www.pharmaintelligence.informa.com/companies/201000119)'s third-generation cephalosporin antibiotic Cedax (ceftibuten) capsules and oral suspension for $2mm. (Nov.)

Cedax is a cell wall synthesis inhibitor for treating acute bacterial exacerbations of chronic bronchitis and middle ear infection. Pernix discontinued the drug in 2016. The company off-loaded the Cedax to SI so it can focus on its core CNS therapies including Zohydro for pain and the migraine drug Treximet. Pernix originally acquired Cedax from Shionogi Pharma for $6.1mm in 2010.

Portal Instruments Inc.

Takeda Pharmaceutical Co. Ltd.

[*Portal Instruments Inc.*](http://www.pharmaintelligence.informa.com/companies/201400638) granted   [*Takeda Pharmaceutical Co. Ltd.*](http://www.pharmaintelligence.informa.com/companies/198600337) rights to use its needle-free drug delivery device with the Big Pharma's GI mAbEnyvio (vedolizumab). (Nov.)

Portal gets undisclosed money up front and is eligible to receive up to $100mm in development, regulatory, and commercialization milestones, plus royalties. Portal's device, licensed exclusively from MIT, delivers biologic therapies through a pressurized liquid instead a needle. The system reduces pain and anxiety commonly associated with needle-based drug delivery, and allows patients to self-administer at home. Takeda has been looking for a new way to administer Enyvio, which is currently delivered via intravenous infusion. The IV formulation of the drug is marketed for ulcerative colitis and Crohn's disease; a Phase III trial is currently underway, investigation safety and efficacy of a subcutaneous form.

Principia BioPharma Inc.

Sanofi

[*Principia BioPharma Inc.*](http://www.pharmaintelligence.informa.com/companies/201200729) granted   [*Sanofi*](http://www.pharmaintelligence.informa.com/companies/198601345) exclusive global rights to develop and sell its Bruton's kinase inhibitor PRN2246 for multiple sclerosis and possibly other CNS conditions. (Nov.)

PRN2246 stands out from other BTK inhibitors in development due to its ability to cross the blood-brain barrier for greater access to immune cell and brain cell signaling, and is in Phase I trials for MS. Sanofi pays $40mm up front and up to $765mm in milestones, plus royalties. Principia can choose to co-fund Phase III studies in exchange for increased royalties or profit/loss sharing in the US. Principia chose Sanofi as its partner for PRN2246 following a competitive process; it believes the Big Pharma's experience in the MS space will be advantageous to the continued development of PRN2246. (Sanofi already markets Aubagio (teriflunomide) and Lemtrada (alemtuzumab), and also has the anti-CD52 candidate GZ402668 in Phase II trials.) Principia ***plans*** to put the up-front money it receives from Sanofi towards continued development of another BTK inhibitor PRN1008, which is in Phase II for the skin-blistering disease pemphigus.

Puma Biotechnology Inc.

Specialised Therapeutics Asia Pte. Ltd.

[*Puma Biotechnology Inc.*](http://www.pharmaintelligence.informa.com/companies/201100464) granted   [*Specialised Therapeutics Asia Pte. Ltd.*](http://www.pharmaintelligence.informa.com/companies/201700223) exclusive rights to sell the breast cancer therapy Nerlynx (neratinib) in Southeast Asia, including Australia, Singapore, Malaysia, Brunei, and New Zealand. (Nov.)

Puma stands to receive $4.5mm in up-front and milestone payments, plus double-digit sales royalties. Nerlynx is marketed in the US, but has not yet received regulatory approval elsewhere. Specialised Therapeutics is responsible for all regulatory activities and commercialization in its territories. The kinase inhibitor was approved by the FDA earlier this year as an adjuvant therapy following trastuzumab for adults with HER2-positive breast cancer. Specialised Therapeutics hopes to have approval in Australia by the second quarter of 2019. Nerlynx is the second breast cancer treatment in the company's portfolio. It also sells Abraxane (nanoparticle albumin-bound paclitaxel) for metastatic breast cancer.

Financings

ADMA Biologics Inc.

[*ADMA Biologics Inc.*](http://www.pharmaintelligence.informa.com/companies/201200103) (plasma-based therapies for primary immune deficiency disease (PIDD) netted $39.7mm through a public offering of 19.5mm common shares (including the overallotment) at $2.15. Proceeds will support manufacturing ramp-up, plasma fractionation facilities upgrades (remediation and build-out), regulatory activities related to the re-launch of IVIG product Bivigam, and continued development of Phase III PIDD candidate RI002. (Nov.)

Allena Pharmaceuticals Inc.

[*Allena Pharmaceuticals Inc.*](http://www.pharmaintelligence.informa.com/companies/201100696) (treatments for rare metabolic and kidney diseases) netted $69.4mm through its initial public offering of 5.33mm common shares at $14, the low end of its intended $14-16 range. (Nov.)

Investment Banks/Advisors: Cowen & Co. LLC; Credit Suisse Group; Jefferies & Co. Inc.; Wedbush PacGrow Life Sciences

Alnylam Pharmaceuticals Inc.

[*Alnylam Pharmaceuticals Inc.*](http://www.pharmaintelligence.informa.com/companies/200200681) (RNAi therapeutics) netted $784.9mm through the public sale of 6.44mm common shares (including the overallotment) at $125. Proceeds will support future commercialization activities surrounding patisiran (for hereditary ATTR (hATTR) amyloidosis with symptomatic polyneuropathy (previously known as familial amyloidotic polyneuropathy (FAP)); givosiran (acute hepatic porphyrias); and fitusiran (moderate or severe hemophilia A or B). (Nov.)

Investment Banks/Advisors: Barclays Bank PLC; Chardan Capital Markets; Credit Suisse Group; Goldman Sachs & Co.; JMP Securities LLC; JP Morgan Chase & Co.; Needham & Co. Inc.; Piper Jaffray & Co.

Apellis Pharmaceuticals Inc.

Apellis Pharmaceuticals Inc. (immunotherapies for autoimmune and inflammatory diseases) netted $139.5mm in its initial public offering of 10.7mm common shares at $14 on the NASDAQ. (Nov.)

Investment Banks/Advisors: Citigroup Inc.; Evercore Partners; JP Morgan & Co.

ArQule Inc.

In its second private placement in two months, cancer and rare disease drug developer [*ArQule Inc.*](http://www.pharmaintelligence.informa.com/companies/199500526) netted $9.3mm through the sale of 8,370 Series A convertible preferred shares at $1,135; each preferred share converts into 1k common. Investors also received 2,260 four-year Series A preferred share warrants, which have a pre-conversion exercise price of $1,750 per share (or $1.75 per share post-conversion). Proceeds will support pipeline development, including work on lead candidates derazantinib (Phase III for intrahepatic cholangiocarcinoma and Phase Ia/IIb for solid tumors) and miransertib (Phase I/II for solid tumors and proteus syndrome). Pontifax group led the financing, and takes a newly-created seat on ArQule's board of directors. (Nov.)

Arsanis Biosciences GMBH

[*Arsanis Inc.*](http://www.pharmaintelligence.informa.com/companies/201700109) (antibodies for infectious diseases) netted $42.8mm through its initial public offering of 4.6mm common shares (including full exercise of the overallotment) at $10 on the Nasdaq. The company had ***planned*** to sell 3.1mm shares priced between $15 and $17. (Nov.)

Investment Banks/Advisors: Citigroup Inc.; Cowen & Co. LLC; Piper Jaffray & Co. (Arsanis Inc.)

Arsanis Biosciences GMBH

Concurrent with the closing of its initial public offering, [*Arsanis Inc.*](http://www.pharmaintelligence.informa.com/companies/201700109) (antibody therapies for infectious diseases) netted $18.6mm through the private placement of 2mm common shares at the IPO price of $10 to New Enterprise Associates. The company will use some of the proceeds for ongoing development of Phase II ASN100 for the preventing S. aureus pneumonia in mechanically ventilated patients and for other indications, and for preclinical candidate development. Citigroup, Cowen, and Piper Jaffray were the placement agents. (Nov.)

Investment Banks/Advisors: Citigroup Inc.; Cowen & Co. LLC; Piper Jaffray & Co. (Arsanis Inc.)

Assembly Biosciences Inc.

[*Assembly Biosciences Inc.*](http://www.pharmaintelligence.informa.com/companies/200900571) netted $56.6mm through the public sale of 2.2mm common shares at $27.25. The company is developing treatments for hepatitis B and also for diseases associated with the microbiome (including ulcerative colitis, Crohn's, and NASH), and will use the offering proceeds to fund continued clinical and non-clinical studies and R&D. (Nov.)

Investment Banks/Advisors: Jefferies & Co. Inc.; William Blair & Co.

Biophytis SA

[*Biophytis SA*](http://www.pharmaintelligence.informa.com/companies/201200765) (therapies to restore the muscular and visual functions in diseases with unmet medical needs) raised (EURO)7.5mm ($8.8mm) through the private sale of 1.5mm ordinary shares at (EURO)5.00 each (an 18% discount). The company will use the funds to design a Phase II trial in orphan pediatric indications. Invest Securities and HC Wainwright were the placement agents. Biophytis raised (EURO)10.4mm in a PIPE just last month. (Nov.)

Investment Banks/Advisors: HC Wainwright & Co.; Invest Securities

Catalyst Pharmaceuticals Inc.

[*Catalyst Pharmaceuticals Inc.*](http://www.pharmaintelligence.informa.com/companies/200600488) (therapies for chronic neuromuscular and neurological diseases) netted $54mm through the follow-on public sale of 16.4mm common shares (including full exercise of the overallotment) at $3.50 each. The company will use some of the funds for ongoing clinical trials of Firdapse (amifampridine/I-/ for myasthenia gravis (Phase II) and spinal muscular atrophy (Phase I), and for pre-commercialization activities for the candidate. (Nov.)

Investment Banks/Advisors: HC Wainwright & Co.; Piper Jaffray & Co.; Roth Capital Partners; SunTrust Banks Inc.

ChromaDex Corp.

[*ChromaDex Corp.*](http://www.pharmaintelligence.informa.com/companies/201100270) (nutraceuticals) grossed $23mm in a private placement financing of 5.6mm common shares at $4.10 (slight premium to prior ten day market average) to venture capital and international ***strategic*** investors. The company ***plans*** to use the proceeds to accelerate international expansion and to drive its clinical research focused on solving aging. (Nov.)

Denali Therapeutics Inc.

[*Denali Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201500300) (neurodegenerative disease drug development) filed for an initial public offering of 8.33mm shares at a range between $17-19. (Nov.)

Investment Banks/Advisors: Evercore Partners; Goldman Sachs & Co.; JP Morgan & Co.; Morgan Stanley & Co.

Eleven Biotherapeutics Inc.

[*Eleven Biotherapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201000072) (developing targeted protein therapeutics mainly for cancer) netted $7.4mm through a public offering in which the company sold 5.5mm units at $0.80 (each containing one common share and a five-year warrant to purchase a share at $0.80) and 4.475mm pre-funded warrant units at $0.79 (with each unit consisting of one pre-funded warrant exercisable for one common share, and a five-year common share purchase warrant exercisable at $0.80). Proceeds will support development of lead candidate Vicinium, which is in Phase III trials for high-grade non-muscle invasive bladder cancer. (Nov.)

Investment Banks/Advisors: HC Wainwright & Co.

Entera Bio Ltd.

Israel-based [*Entera Bio Ltd.*](http://www.pharmaintelligence.informa.com/companies/201700504) has filed for its initial public offering on the Nasdaq. (Nov.)

Investment Banks/Advisors: Oppenheimer & Co. Inc.

Erytech Pharma SA

[*Erytech Pharma SA*](http://www.pharmaintelligence.informa.com/companies/201200789) (developing treatments for rare cancers and orphan diseases) netted $116.6mm through its US initial public offering of 5.4mm American Depositary Shares (including the overallotment; representing 5.4mm ordinary shares) at $23.26 apiece. The company already lists on the Euronext Paris following a $17.3mm IPO there in 2013. (Nov.)

Investment Banks/Advisors: Cowen & Co. LLC; JMP Securities LLC; Jefferies & Co. Inc.; ODDO BHF

Erytech Pharma SA

[*Erytech Pharma SA*](http://www.pharmaintelligence.informa.com/companies/201200789) (developing treatments for cancer and orphan diseases) netted $17.1mm through a private placement of 791k ordinary shares (including the overallotment) at $23.26. The company issued the shares to investors in Europe and countries outside of the US and Canada concurrent with its initial public offering in the US. (The US IPO resulted in the sale of 5.4mm American Depositary Shares for net proceeds of $116.5mm.) (Nov.)

Fortress Biotech Inc.

[*Fortress Biotech Inc.*](http://www.pharmaintelligence.informa.com/companies/200700424) netted $23.25mm in a stock offering of 1mm shares of Series A preferred stock at $25 per share. The preferred stock pays an annual dividend of 9.375% payable quarterly. The company will use the offering proceeds for R&D, to fund clinical trials, for manufacturing and supply costs of products, and to repay existing debt. (Nov.)

Investment Banks/Advisors: B. Riley FBR Inc.; HC Wainwright & Co.; National Securities Corp.

InflaRx GMBH

[*InflaRx GMBH*](http://www.pharmaintelligence.informa.com/companies/200800197) netted $93mm in its initial public offering of 6.67mm common shares at $15 (mid-point of $14-16 filing range). The company had raised four prior rounds of venture funding including its Series D of $30mm just last month. (Nov.)

Investment Banks/Advisors: BMO Financial Group; JP Morgan & Co.; Leerink Partners LLC

Intellia Therapeutics Inc.

[*Intellia Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201400679) (CRISPR/Cas9 gene editing technology for drug development) netted $141mm through the public sale of 6.25mm common shares at $24. Intellia recently announced interim top-line data demonstrating first-of-its-kind liver genome editing using CRISPR/Cas9 delivered through the company's lipid nanoparticle formulation system. (Nov.)

Investment Banks/Advisors: Credit Suisse Group; Jefferies & Co. Inc.; Leerink Partners LLC

Leap Therapeutics Inc.

[*Leap Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201700186) (immuno-oncology) netted $17.3mm through a private sale of 2.96mm common shares at $6.085 (a 6% premium). Investors, including HealthCare Ventures and Eli Lilly, also received seven-year warrants to buy 2.96mm shares at the offering price. Raymond James and Ladenburg Thalmann were the placement agents. (Nov.)

Investment Banks/Advisors: Ladenburg Thalmann & Co. Inc.; Raymond James & Associates Inc.

Melinta Therapeutics Inc.

In conjunction with the closing of its acquisition of The Medicine Co.'s infectious disease business, [*Melinta Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/200200095) entered into an agreement with Deerfield Management in which the private equity firm will initially provide $190mm in debt (six-year term with interest rate of 11.75%) and equity financing (giving Deerfield a 10% stake). An additional $50mm in debt is available to Melinta within 24 months of the acquisition close upon the achievement of $75mm in annualized sales measured on the basis of its most recent six-month business period. Melinta will use the financing to fund the $165mm up-front payment for the TMC business and to retire $40mm in debt. Deerfield will also earn a low-single-digit royalty on sales of TMC's antibiotic Vabomere when the drug exceeds $75mm in sales and ending when sales exceed $500mm. (Nov.)

Mirati Therapeutics Inc.

[*Mirati Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/199600144) (developing oncology treatments targeted at genetic and epigenetic drivers of cancer) netted $86.5mm through a public sale of 2.9mm common shares (including the overallotment) at $13 and 4.14mm pre-funded warrants at $12.999. Mirati will use the proceeds to continue developing its non-small cell lung and solid cancer candidates sitravatinib (Phase Ib) and mocetinostat (Phase II), and other preclinical pipeline projects. (Nov.)

Investment Banks/Advisors: Barclays Bank PLC; Cowen & Co. LLC; HC Wainwright & Co.; Oppenheimer & Co. Inc.; SunTrust Banks Inc.

Motif Bio PLC

Antibiotics developer [*Motif Bio PLC*](http://www.pharmaintelligence.informa.com/companies/201600069) entered into a $20mm debt financing with Hercules Capital. The first $15mm was drawn down immediately, and the remaining $5mm is contingent upon attaining certain milestones expected in 2018. The loan bears interest at 10% and is interest-only for a period of 15 months and extendable to 21 months on the achievement of certain milestones with a 30-month capital and interest repayment period thereafter. The company will use the proceeds for pre-commercialization activities of its acute bacterial skin and skin structure infection treatment iclaprim, which is expected to launch in the US in 2019. As part of the agreement, Motif issued Hercules warrants to purchase up to 73,452 of its American Depository Shares (each representing 20 ordinary shares) at an exercise price of $9.53 per ADS. In addition, Hercules can opt to participate in any subsequent financing up to $1mm. (Nov.)

Odonate Therapeutics LLC

[*Odonate Therapeutics LLC*](http://www.pharmaintelligence.informa.com/companies/201700512) (cancer drug development) filed for its initial public offering on the Nasdaq Global Select Market. The company intends to sell 5.88mm shares for between $24-27 apiece. (Nov.)

Investment Banks/Advisors: Cowen & Co. LLC; Goldman Sachs & Co.; Jefferies & Co. Inc.

Orphazyme AS

Danish biotech [*Orphazyme AS*](http://www.pharmaintelligence.informa.com/companies/201100432) (rare neuromuscular and lysosomal storage disorders) ***plans*** to offer up to 9.375mm new shares at a price range of DKK64-80 ($9.98-12.48) in an initial public offering on the Nasdaq Copenhagen Exchange. (Nov.)

Investment Banks/Advisors: Carnegie Investment Bank AB; Danske Bank AS; ODDO BHF

ProQR Therapeutics BV

Dutch biotech [*ProQR Therapeutics BV*](http://www.pharmaintelligence.informa.com/companies/201400451) (rare diseases) netted $15.3mm through a public offering of 4.97mm ordinary shares at $3.25. The company will use the proceeds for ongoing development of Phase II QR110 for Leber's congenital amaurosis, preclinical QR313 for epidermolysis bullosa, and preclinical QRX421 for Usher syndrome. (Nov.)

Investment Banks/Advisors: HC Wainwright & Co.; National Securities Corp.

Puma Biotechnology Inc.

[*Puma Biotechnology Inc.*](http://www.pharmaintelligence.informa.com/companies/201100464) (oncology) entered into a $100mm term loan agreement with Silicon Valley Bank and Oxford Finance. The company drew down an initial $50mm immediately and can access the remainder at its option and pending achievement of certain milestones. The loan matures on October 31, 2022. The money will support commercialization of Nerlynx (neratinib) as an adjuvant therapy for early-stage HER2-positive breast cancer, and will also be used to continue development of the compound in additional indications. (Nov.)

RedHill Biopharma Ltd.

RedHill Biopharma Inc. netted $21mm through a public offering of 4.1mm American Depositary Shares (representing 41mm ordinary shares) at $5.50 per ADS. The company develops and sells treatments for GI and inflammatory diseases and cancer; marketed products include Donnatal for IBS and acute enterocolitis, EnteraGam for chronic diarrhea, and esomeprazole strontium for GERD. (Nov.)

Investment Banks/Advisors: Cantor Fitzgerald & Co.; HC Wainwright & Co.; Nomura Securities International Inc.; Roth Capital Partners; SMBC Nikko Securities Inc.

SAGE Therapeutics Inc.

[*Sage Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201100573) (GABAA receptor modulators for CNS disorders) netted $283.5mm in a public offering of 3.5mm shares at $85. (Nov.)

Investment Banks/Advisors: Cowen & Co. LLC; Goldman Sachs & Co.; JP Morgan & Co.; Leerink Partners LLC; Morgan Stanley & Co.

Sarepta Therapeutics Inc.

[*Sarepta Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/199000359) (rare neuromuscular diseases) netted $505mm through the private placement of $570mm aggregate principal amount (including full exercise of a $95mm overallotment) of seven-year 1.5% convertible senior notes to qualified institutional purchasers, including the company's CEO, who purchased $2mm worth of shares. (Sarepta upsized the deal from its original intent to offer $375mm in notes with a $75mm overallotment.) (Nov.)

Soligenix Inc.

[*Soligenix Inc.*](http://www.pharmaintelligence.informa.com/companies/199100198) (rare disease-focused biopharma) netted $4.8mm in concurrent private placement and registered direct offerings. The company issued 1.6mm common shares at $2 (a slight discount to the prior 10-day trading average) in the registered direct offering and 982k common shares at the same price in a concurrent PIPE. Lead investors included Knoll Capital Management and ACT Capital Management and Aegis Capital was the placement agent. (Nov.)

Investment Banks/Advisors: Aegis Capital Corp.

Spero Therapeutics Inc.

Antibiotics developer [*Spero Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201400213) netted $77.7mm in its initial public offering of 5.97mm common shares (including partial exercise of the overallotment) at $14 on the Nasdaq. The company originally ***planned*** to sell 5mm common shares between $14 and $16 each. (Nov.)

Investment Banks/Advisors: Bank of America Merrill Lynch; Cowen & Co. LLC; Oppenheimer & Co. Inc.; Stifel Nicolaus & Co. Inc.

Synergy Pharmaceuticals Inc.

Gastrointestinal disease-focused [*Synergy Pharmaceuticals Inc.*](http://www.pharmaintelligence.informa.com/companies/200900310) netted $52.6mm through the follow-on public offering of 21.7mm common shares at $2.58. The company also issued two-year warrants to buy 21.7mm common shares exercisable at $2.86. Synergy will use some of the proceeds to commercialize its Trulance (plecanatide) once-daily therapy for chronic idiopathic constipation. (Nov.)

Investment Banks/Advisors: Jefferies & Co. Inc.

Tesaro Inc.

[*Tesaro Inc.*](http://www.pharmaintelligence.informa.com/companies/201000205) (cancer therapeutics) entered into a $500mm term loan agreement with Biopharma Credit PLC and Biopharma Credit Investments IV (both managed by Pharmakon Advisors). Tesaro will draw down the first $300mm in early December, and the company has until December 20, 2018 to draw on the remaining $200mm. Both tranches will mature on the seven-year anniversary of the first draw-down date; the initial installment carries interest at a rate of LIBOR plus 8%, while the second will be at LIBOR plus 7.5%. Both are secured by security interests in IP related to Tesaro's Varubi (rolapitant; chemo-induced nausea and vomiting) and Zejula (niraparib; recurrent epithelial ovarian, fallopian tube, or primary peritoneal cancer), and by additional equity interests and cash on hand. (Nov.)

The Medicines Co.

Concurrent with The Medicine Co.'s divestiture of its infectious disease business to [*Melinta Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/200200095), Deerfield Management has provided TMC with a $100mm loan that bears an interest rate of 5% per annum and, if drawn upon, will mature on the earlier of either the closing of the Melinta transaction or one year. (Nov.)

Vascular Biogenics Ltd.

[*Vascular Biogenics Ltd.*](http://www.pharmaintelligence.informa.com/companies/200400094) (VBL; mainly oncology therapeutics) netted $17.9mm through a public offering of 2.5mm common shares at $7.20. The funding comes ten days after VBL granted NanoCarrier exclusive Japanese rights to lead solid tumor candidate VB111 (ofranergene obadenovac). Through that deal, VBL gets $15mm up front and up to $100mm in milestones, plus royalties. (Nov.)

Investment Banks/Advisors: Piper Jaffray & Co.

Vical Inc.

[*Vical Inc.*](http://www.pharmaintelligence.informa.com/companies/198800485) (infectious disease therapies) netted $23.3mm through a public offering of 7mm common shares at $1.75 and 7.2mm pre-funded warrants at $1.74. Proceeds will support clinical trial expenses related to the company's projects for cytomegalovirus, herpes simplex virus type 2, and fungal infections. (Nov.)

Investment Banks/Advisors: HC Wainwright & Co.

Voyager Therapeutics Inc.

[*Voyager Therapeutics Inc.*](http://www.pharmaintelligence.informa.com/companies/201400088) (neurological disorder AAV gene therapies using gene replacement or gene knockdown) netted $50.8mm in a public offering of 4.5mm shares at $12. The 2014 start-up will use the proceeds to fund development of its pipeline, which includes lead candidate VYAADC, in Phase Ib for Parkinson's disease. (Despite recent news that Genzyme would not exercise its option under a 2015 deal to exclusively license ex-US rights to the compound, Voyager is proceeding with a pivotal Phase II/III trial for VYAADC expected to begin in Q2 2018.) The company also has multiple preclinical ***programs*** in pain and neurodegenerative diseases, including ALS, Huntington's disease, Friedreich's ataxia, frontotemporal dementia, and Alzheimer's disease. (Nov.)

Investment Banks/Advisors: Cowen & Co. LLC; Morgan Stanley & Co.; Nomura Securities International Inc.; Stifel Nicolaus & Co. Inc.; Wells Fargo Securities LLC

By [*Beth Detuzzi*](mailto:beth.detuzzi@informa.com),   [*Deanna Kamienski*](mailto:deanna.kamienski@informa.com),   [*Maureen Riordan*](mailto:maureen.riordan@informa.com)

**Load-Date:** December 6, 2017

**End of Document**



[***Dubai and GCC member states look to strengthen global trade ties***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-745B-00000-00&context=1516831)

Oxford Business Group: Articles

February 2018

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**Length:** 1542 words

**Body**

For the nations of the GCC, the drop in oil prices highlighted something many already knew - there is a pressing need for economic diversification and to further engage with global partners across different markets. To this end, countries in the region have made efforts to expand their international role and reach in recent years, with trade deals and investments being pursued in the US, China and India. Going forward, relationship building is likely to receive even greater focus, with GCC member states seeking opportunities and forging partnerships with new economies as well.

**Looking West**

One of the closest watched international developments in 2016 was the US presidential election. Despite Donald Trump's "America First" rhetoric, his first year in office had a largely positive impact on US-GCC relations, which had frayed somewhat under Barack Obama, who led the US from 2008 to 2016. Trump's first foreign trip as president in May 2017 began in Saudi Arabia. There he met with 50 Arab and Muslim leaders, including those from the six GCC nations. It was announced shortly before the visit that the US had signed deals worth more than $350bn with Saudi Arabia, including $110bn related to weapons and arms contracts. The following month the US Department of State approved an initial sale of military training ***programmes*** and equipment worth over $1.4bn to the kingdom, with the contract including a radar system and education for the Royal Saudi Air Force.

Trade relations beyond defence have been enhanced recently as well, with Saudi Arabia's Public Investment Fund announcing ***plans*** to contribute $20bn to private investment firm Blackstone Group, with the funds to be used as financing for infrastructure projects in the US.

It is the UAE, however, that has historically been the US's largest export market in the Middle East, with sales worth more than $22bn in 2016. According to Sultan bin Saeed Al Mansouri, the minister of economy of the UAE, non-oil trade between the US and the UAE rose from $27.8bn in 2015 to $30.3bn in 2016. Alongside the military deals with Saudi Arabia, the US authorised the sale of $2bn worth of missiles to the UAE.

**To The East**

China's engagement with the Middle East has also grown significantly in recent years, with a number of ***strategic*** agreements and projects put in place. This trend has been aided by China's Belt and Road Initiative (BRI), which was unveiled in 2013.

The aim of the scheme is for the country to significantly extend its global reach, and it has found a receptive audience in the GCC. Saudi Arabia and China signed 15 memorandums of understanding (MoUs) during the G20 summit in September 2016, spanning areas such as science and technology, oil storage, water and cultural cooperation. These MoUs are part of a five-year ***programme*** of mutual investments, with a timeframe of one year set aside to finalise the deals.

At a global exhibition in the UAE in February 2017, another MoU - related to China's defence sector - was executed between the two countries. The agreement ***plans*** to establish a production line in Saudi Arabia for China's new-generation Rainbow 4 aerial drone, among other projects. One month later, during a month-long tour of Asia to increase economic cooperation with the region, King Salman bin Abdulaziz Al Saud of Saudi Arabia oversaw the signing of additional deals worth upwards of $65bn with Beijing.

The agreements included an MoU between oil giant Saudi Aramco and China North Industries Group to look into establishing refining and chemicals plants in China, as well as a deal between Saudi Basic Industries Corporation (SABIC) and China's Sinopec to develop petrochemicals projects in both countries. Sinopec and SABIC already run a joint chemicals complex in the Chinese city of Tianjin.

China is currently Saudi Arabia's largest trading partner, with bilateral exchanges amounting to $42.4bn in 2016. During a visit to the kingdom in August 2017 Zhang Gaoli, vice-premier of China, said his country "supports Saudi Arabia in making its 2030 vision a reality, and would like to be a partner as the country diversifies its economy". Some 60 agreements and MoUs, worth nearly $70bn, were signed during his visit.

**Regional Partners**

Gaoli also visited Kuwait during his time in the region, becoming the highest-level Chinese official to visit the nation in almost a decade, as the countries look to deepen trade relations. Kuwait was the first Gulf state to establish full diplomatic ties with China in 1971 and also was one of the initial Arab countries to sign a cooperation agreement with it under the BRI. Bilateral trade between China and Kuwait reached $9.37bn in 2016 and rose 28.6% year-on-year (y-o-y) to $5.47bn in the first half of 2017.

The UAE is also expected to play a key role in BRI due to its importance as a regional and global trade hub. The country is the gateway for roughly 60% of China's exports to the region, worth about $70bn annually, according Abu Dhabi Ports. He Song, commercial counsellor at the Chinese embassy in Abu Dhabi, stated that Chinese non-financial foreign direct investment in the UAE rose 352% y-o-y in the first nine months of 2016 to reach $390m. That year China's COSCO Shipping Ports won a 35-year concession to build and operate a new container terminal at Khalifa Port in Abu Dhabi, with ***plans*** to invest over $700m in the facility.

Earlier, in December 2015, Abu Dhabi-based Mubadala Investment Company launched a joint investment fund with China Development Bank Capital and China's State Administration of Foreign Exchange, with each government investing $5bn to be used for projects in both countries. Since 2011, four of China's state-owned banks have set up operations in the UAE.

**India & Pakistan**

Emerging markets in South Asia are also seen as key to outward growth. India is already the GCC's largest trade partner, and with the OECD expecting the country's economic growth to remain above 6.7% through 2019, there are likely to be further opportunities on offer in the future.

Trade between India and the GCC totalled $137.7bn in 2014-15, up from $6.2bn in 2001-02, according to the International Trade Centre. Ali Ebrahim, deputy director-general of Dubai Economy, said in August 2017 that GCC exports to India had increased by 49% each year over the previous decade - the highest growth rate among the region's major trading partners - with imports from India rising by 39%. According to India's Ministry of External Affairs, the GCC also currently supplies roughly 60% of India's total energy imports. Furthermore, with millions of Indians working in Gulf states, remittances from the region are worth more than $35bn per year, representing roughly half of India's annual total income from this source.

While relations between Pakistan and the GCC are not as well established as those with India, a third round of negotiations over a free trade agreement (FTA) between the GCC and the South Asian country is expected by the end of the first quarter of 2018, with the text of the initial framework already in place. The hope is that an FTA will help to further develop multilateral trade, with Pakistan's ***agricultural*** potential and energy needs seen as areas of opportunity.

**Russia**

With Russia a major hydrocarbons ***producer*** in its own right, trade between the GCC region and the northern giant has never been as critical as with the US, China and India. Still, there have been strong efforts to boost bilateral trade and cooperation. The Russian Direct Investment Fund (RDIF) and Mumtalakat, Bahrain's sovereign wealth fund, signed a mutual investment agreement in 2014, and in February 2016 it was reported that Mumtalakat had made a $250m investment in the RDIF. In June 2017 Mahmood Hashim Al Kooheji, CEO of Mumtalakat, told Reuters that they had an "impressive" pipeline of investment deals in Russia, with $135m worth of projects already approved. Bahrain's moves followed the announcement in November 2015 that Kuwait's sovereign wealth fund, the Kuwait Investment Authority, had agreed to allocate an additional $500m to investment projects in Russia in partnership with the RDIF. These funds furthered an initial $500m joint investment mechanism that was launched in 2012. According to Kirill Dmitriev, head of the RDIF, Gulf sovereign wealth funds had earmarked more than $20bn for investment in Russia as of May 2017.

In June 2017 Rosneft - Russia's largest oil ***producer*** - and Saudi Aramco announced that they were looking into joint investments in Saudi Arabia. At the same time, the kingdom said that it would be evaluating the idea of joining Russia's Arctic liquefied natural gas project.

In Oman, Sultan Qaboos bin Said welcomed a Russian special envoy in February 2017 to review bilateral relations, reinforce a climate of supportive cooperation and activate existing joint agreements between the two nations. Trade between Oman and Russia has risen sharply since 2010.

If oil prices continue to recover at their current pace, it is likely that the GCC will ink additional agreements with countries around the world. These deals, whether related to developments in the Gulf or investments elsewhere, will become increasingly important for economic growth and revenue generation across the region.

**Load-Date:** March 12, 2020

**End of Document**



[***Obtala Limited Q4 2017 Quarterly Business Update***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RC8-88N1-F0CC-S009-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

January 8, 2018 Monday 7:00 AM GMT

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**Body**

RNS Number : 1634B

Obtala Limited

08 January 2018

8 January 2018

Obtala Limited

("Obtala", the "Group" or the "Company")

(AIM: OBT)

Q4 2017 Quarterly Business Update

-- Q4 2017 momentum to result in record annual revenue for Obtala, with contribution from all divisions; forestry production, timber trading and ***agriculture***

-- First step in expansion of timber trading division announced with $1m loan capital from senior management. External trade finance facility on track for first draw down Q1 2018

-- 11,000m3 of logs harvested and 3,500m3 of export grade timber ***produced***. Forest production in Gabon up 63% since WoodBois acquisition

-- Mozambique sawmill construction on budget and expected to be operational in time for cutting season. Veneer factory in Gabon on track to commence production Q1 2018

-- MOU signed for establishment of community forestry concession in Mozambique with witness and support of World Bank

-- Successful distribution of ***agriculture*** ***produces*** by sea, air, and truck. First 3.8t aircraft container of mangoes sent to Dubai via airfreight

Strong End to Year to Result in Record Annual Revenue

In Q4 2017 all business lines generated revenues and achieved a number of key operational milestones on the back of the ***planned*** capital expenditure and organisation building that took place in the first half of the year. The forestry and ***agriculture*** boards have consolidated their strategy for 2018, and through the budgeting process, the Obtala Board has determined the optimal capital allocation for the Group. The WoodBois acquisition and integration has confirmed our view that the lack of capital available to African enterprises creates compelling opportunities to acquire and invest in strong management teams and we are delighted to have found in WoodBois an excellent platform to develop our business in West Africa.

Forestry Production

The significant investments made in harvesting capacity have led to high levels of production despite the rainy season in Gabon (October-January) and Mozambique (from December). A total of 11,000m3 of logs were harvested and 3,500m3 of sawn timber ***produced*** in Q4 2017.

Month to month increases in harvesting production in Gabon were tempered by the impact of the rainy season which started three weeks early. However, total production in H2 2017 was still up 63% on H1 2017. Focus remains on doubling harvesting capacity in time for the dry season, in order to increase utilization of the sawmill and new veneer factory which will be operational. We are in the process of evaluating options for additional equipment and expanding our team of mechanics and bulldozer operators. The veneer factory is expected to commence production in Q1 2018. A team of engineers from Morocco has been on site commissioning the machinery since November 2017, and will remain on site after the factory opens. The market for logs remains strong in Gabon as ***producers*** struggle to find sufficient raw material for their veneer and plywood factories. Although we continue to harvest only a fraction of our available sustainable cut, our preference is to use all additional logs harvested to increase production at our sawmill and veneer factory to maximize margins. We intend to increase the production capacity of our veneer factory through the potential purchase of an additional dryer and a plywood production line. These investments will only be made in the second half of 2018 after the veneer factory meets performance targets.

Link to progress photos of new veneer factory:

[*http://www.obtala.com/images-gabon-veneer-factory.html*](http://www.obtala.com/images-gabon-veneer-factory.html)

In Mozambique, we were operational in 4 concessions in Q4 2017 with continued focus on increasing harvesting capacity under the direction of Ivan Muir. As of January 2018, Ivan has been appointed COO of Argento Mozambique and will be responsible for all aspects of the daily running of the business. Patrick Greene will remain as Company Administrator but will operate in a new role of managing senior external relationships. Armando Antonio has also been hired as Export Manager, based in Nacala, to handle increasing export volumes.

Under the direction of Argento board member Tom Holroyd, the construction of the new sawmill in Mozambique is almost complete and remains on budget. The sawmill is set to be fully operational within Q1 2018 and will be one of the largest in Sub Saharan Africa. The scale of our project and quality of construction has attracted a great deal of interest and we are exploring several opportunities to leverage our new base of operations as a centre for value added timber processing in Northern Mozambique.

Link to progress photos of new sawmill:

[*http://www.obtala.com/images-mozambique-sawmill.html*](http://www.obtala.com/images-mozambique-sawmill.html)

Timber Trading

The priorities for the timber trading division in Q4 2017 were to secure additional trade finance and lay the groundwork with key suppliers to facilitate profitable growth in 2018.

After talking to various potential partners, we moved forward with a trade finance institution that offered us the required flexibility to make best use of additional funds to grow the trading business. We will also be able to make use of the facility to manage increases in working capital expected from the forestry production division, especially as the new veneer factory comes online in Gabon. On January 2, 2018 we announced that an initial $1m in loan capital has been secured to complement external trade finance. The preparation for securing and managing an external trade finance facility has involved a review of the risks throughout our timber supply chain and the implementation of new insurance policies and associated training. Our forestry subsidiary Argento Ltd has received the Category 1 Global Business License, ahead of transferring the trading division's operations to Mauritius.

We have been negotiating with key suppliers to offtake increased levels of production on the back of strong demand for African hardwood and higher levels of trading capital. This will set the business up for further profitable growth in 2018, with decisions based on maximizing the return on trading capital. On the demand side, the outlook for 2018 in China will become clear as buyers return after Chinese New Year. The strongest growth in demand for African hardwoods, including Okoume (the primary species ***produced*** in Gabon) has been from North America and we expect this trend to continue in 2018. Demand in the Middle East has been flat while sales to Pakistan have been growing on a monthly basis with strong demand for red hardwood species. We have continued to explore JV discussions with our ***strategic*** partners in Pakistan as we formalize our strategy for WoodBois Asia in H1 2018.

***Agriculture*** Update

In Q4 2017, we further broadened our product set to include Whitehaven sweet melons, aubergines, sweet peppers, round tomatoes and pumpkin. In addition to these new products, we have also harvested and sold Caribbean King sweet melons, yellow honeydew sweet melons, watermelon and butternut.

Since the completion of our upgraded refrigerated pack house, we have successfully delivered seven, 40-foot, refrigerated containers of sweet melons to Dubai by sea. The eighth and final container of the season is en route to Dubai, due for arrival mid-January.

Cold chain integrity is fundamental to the success of the business and we are very pleased to report that our upgraded pack house is performing at the world class level anticipated. We have not suffered any cold chain issues throughout the entire season. This creates a fantastic platform for expansion of our ***program*** into 2018 as we can now confidently step up the capacity utilization of the facility.

We did, however, initially have some quality issues in the field due to the prolonged rains at the beginning of the planting season. As a result, we encountered lower pack out rates and higher spoilage rates of our sweet melon harvest. As the season unfolded we steadily returned to the levels we would expect under normal "growing conditions."

The expansion of our growth ***plan*** to include the market garden has proved successful too and through our local Mama Jo's sales team we have delivered and distributed thirteen refrigerated trucks of ***produce*** to different markets in Dar es Salaam, including a variety of retail and wholesale outlets. In addition to this, we have also sent four refrigerated trucks of ***produce*** to Nairobi via our exclusive Kenyan distributor.

As part of our future expansion ***plans*** into mango orchards we have successfully sold fresh mangos into Dar es Salaam through our own local sales team as well as into Zanzibar, via an exclusive agent. In addition, for the first time ever, we delivered a 3.8t aircraft container of fresh mango, to Dubai via airfreight where the fruit was sold via our exclusive wholesaler.

We continued to build strong foundations for the future of the ***agriculture*** business in Q4 2017, developing a clear edge through consistent cold chains, reliable logistics partners and controllable export routes as well as building track record and trust with customers. In 2018 we will leverage these capabilities to increase volumes and explore new global market demand potential for our ***produce***, whether fresh, dried or crushed, to ensure we achieve the highest margins possible.

Link to photos of ***agriculture*** ***produce***:

[*http://www.obtala.com/images-****agriculture****-****produce****.html*](http://www.obtala.com/images-agriculture-produce.html)

Social Impact Report

**Load-Date:** January 8, 2018

**End of Document**



[***Washington: REAFFIRMING THE STRATEGIC PARTNERSHIP BETWEEN THE UNITED STATES AND CANADA***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R65-4NS1-F0YC-N0KM-00000-00&context=1516831)

Impact News Service

December 13, 2017 Wednesday

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**Length:** 2839 words

**Body**

Washington: The Library of Congress, The Government Washington: of USA has issued the following house proceeding:

 Mr. ROYCE of California. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 357) reaffirming the ***strategic*** partnership between the United States and Canada, recognizing bilateral cooperation that advances United States national interests, and urging increased bilateral cooperation on security, economic issues, and energy, and for other purposes, as amended. The Clerk read the title of the resolution. The text of the resolution is as follows: H. Res.

357 Whereas history, proximity, commerce, security, and shared democratic values underpin a close relationship between the United States and Canada; Whereas this year marks 150 years of the Canadian Confederation; Whereas Americans and Canadians have the longest international border and one of the largest commercial relationships in the world, with $1.7 billion of trade and nearly 400,000 people crossing the shared border daily; Whereas Canada is the United States second-largest trading partner and the largest export destination for United States goods and services, and a majority of States of the United States consider Canada their top export destination, with 15 States counting Canada as their top point of origin for imports; Whereas the United States and Canada cooperate extensively within the North Atlantic Treaty Organization (NATO), and through a ``Tri-Command Framework'' with United States Northern Command (NORTHCOM), Canadian Joint Operations Command (CJOC), and North American Aerospace Defense Command (NORAD); Whereas Canada has been a critical ally of the United States in the global war on terror, deploying approximately 2,800 Canadian troops in the NATO-led International Security Assistance Force (ISAF) in Afghanistan from 2006-2011, the fifth-largest national contingent in the ISAF; Whereas 158 Canadian Armed Forces personnel bravely gave their lives while participating in the ISAF in Afghanistan; Whereas Canada has 830 Canadian Armed Forces personnel currently serving in the Middle East in support of the United States-led coalition to counter the Islamic State; Whereas longstanding bilateral border security cooperation between the United States and Canada protects vital United States security interests while promoting trade and travel; Whereas the Western Hemisphere Travel Initiative, Beyond the Border Initiative, United States-Canada NEXUS Trusted Traveler ***Program***, Border Enforcement Security Taskforces (BEST), Shiprider Integrated Cross Border Maritime Law Enforcement ***program***, Cross Border Crime Forum, Integrated Border Enforcement Teams, and United States preclearance operations conducted at eight Canadian airports enhance United States-Canadian border security efforts; Whereas Canada is the world's sixth-largest petroleum ***producer*** in the world and is the United States largest foreign supplier of energy, including oil, uranium, natural gas, and electricity; Whereas Canada is the largest source of imported oil for United States refineries and while the United States ***produces*** 90 percent of the natural gas it uses, of the remaining natural gas that the United States imports, 97 percent comes from Canada; Whereas Canada is a net exporter of electricity to the United States, with more than 30 active electricity transmission connectors between the two countries; Whereas Canada is a ***strategic*** leader in international affairs, a member of the G7 and G20, and an important voice for democratic principles, market-oriented policies, and human rights in the United Nations, Organization for Economic Co-operation and Development (OECD), and Organization of American States; and Whereas, on February 13, 2017, President Donald Trump and Prime Minister Justin Trudeau of Canada held their first official meeting and reaffirmed the importance of the United States-Canadian relationship: Now, therefore, be it Resolved, That the House of Representatives-- (1) reaffirms its robust commitment to the critical importance of the United States-Canadian partnership; (2) supports stronger trade relations with the Government of Canada and the creation of more American jobs; (3) encourages greater security collaboration in the areas of defense, border security, cyber-security, and Arctic security; and (4) supports an increased focus on energy security through greater energy infrastructure integration, including oil and natural gas and renewable sources, ***planning***, and coordination. The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. Royce) and the gentleman from New York (Mr. Engel) each will control 20 minutes. The Chair recognizes the gentleman from California. General Leave Mr. ROYCE of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include any extraneous material in the Record. The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? There was no objection. Mr. ROYCE of California. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I just want to recognize the leadership of Mr. Duncan, who, until recently, served as the chairman of the Western Hemisphere Subcommittee, and Mr. Gregory Meeks, the ranking member, in bringing this important resolution forward. I also want to recognize Mr. Huizenga, chairman of the Capital Markets, Securities, and Investments Subcommittee of the Financial Services Committee, who led the delegation this past fall with the Canada-United States Inter-Parliamentary Group in Windsor, Canada. This resolution affirms the already strong partnership we enjoy with our neighbors to the north, while recognizing that this bilateral relationship has advanced U.S national interests. Canada and the U.S share the longest international border of any countries in the world. Canada is one of the largest trading partners with the U.S , and our largest ***agricultural*** export market. U.S exports of goods and services to Canada supported 1.6 million jobs in the United States last year. In addition, the U.S and Canada enjoy a very close and vital security [[Page H9827]] relationship, which is seen most acutely in our close border security collaboration, as well as in defense arrangements such as NORAD and our shared NATO mutual security commitments. Our two countries have an exceptionally close energy relationship. Canada is our largest supplier of oil, natural gas, electricity, and uranium. Our two countries collaborate on environmental concerns, particularly with our shared responsibility for the Great Lakes, which are the world's largest freshwater ecosystem and contain 20 percent of the Earth's surface freshwater. This relationship gives Congress the opportunity to reaffirm, through this resolution, our important and close bilateral ties with Canada and to renew our commitment to growing and improving that relationship to the benefit of both countries. Mr. Speaker, I urge my colleagues to join me in support of this measure, and I reserve the balance of my time. House of Representatives, Committee on Foreign Affairs, Washington, DC, December 8, 2017. Hon. Kevin Brady, Chairman, Committee on Ways and Means, Washington, DC. Dear Chairman Brady: Thank you for consulting with the Foreign Affairs Committee and agreeing to forgo a sequential referral request on House Resolution 357, Reaffirming the ***strategic*** partnership between the United States and Canada, so that the resolution may proceed expeditiously to the House floor. I agree that your forgoing further action on this measure does not in any way diminish or alter the jurisdiction of your committee, or prejudice its jurisdictional prerogatives on this resolution or similar legislation in the future. I will seek to place our letters on H. Res. 357 into the Congressional Record during floor consideration. I appreciate your cooperation regarding this legislation and look forward to continuing to work together as this measure moves through the legislative process. Sincerely, Edward R. Royce, Chairman. \_\_\_\_ House of Representatives, Committee on Ways and Means, Washington, DC, December 11, 2017. Hon. Edward R. Royce, Chairman, Committee on Foreign Affairs, Washington, DC. Dear Chairman Royce:, I am writing with respect to H. Res.      357, reaffirming the ***strategic*** partnership between the United States and Canada, on which the Committee on Ways and Means was granted an additional referral. As a result of your having consulted with us on H. Res 357, I agree to waive formal consideration of this resolution so that it may move expeditiously to the floor. The Committee on Ways and Means takes this action with the mutual understanding that we do not waive any jurisdiction over the subject matter contained in this or similar legislation, and the Committee will be appropriately consulted and involved as the resolution or similar legislation moves forward so that we may address any remaining issues that fall within our jurisdiction. Finally, I would appreciate your response to this letter confirming this understanding, and would ask that a copy of our exchange of letters on this matter be included in the Congressional Record during floor consideration of H. Res      357. Sincerely, Kevin Brady, Chairman. Mr. ENGEL. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise in support of this measure. Mr. Speaker, I want to, first of all, thank the gentleman from South Carolina (Mr. Duncan), who, until recently, was the chairman of the Western Hemisphere Subcommittee. We will have him back on the committee any time he wants to come. I thank him for authorizing this resolution reaffirming the importance of the ***strategic*** partnership between the United States and Canada. I also appreciate the efforts of my good friend Mr. Meeks as the lead Democratic sponsor, and again, I thank Chairman Royce for working to bring this measure to the House floor. {time} 1600 It is only appropriate, after spending time on the House floor discussing the importance of the U.S relationship of our neighbor to the South, that we also focus on the ***strategic*** partnership between the United States and our neighbor to the North, which, of course, is Canada. Canada is our second largest trading partner. Interesting, Canada is our second largest trading partner--and Mexico is our third largest trading partner--with about $1.7 billion in goods and services and 400,000 citizens in both countries crossing the border on a daily basis. Think about that, 400,000 citizens from both countries cross the U.S -Canadian border on a daily basis. The preclearance process makes it easy for Americans traveling to Canada to clear U.S customs while at a number of airports in Canada and arrive back home almost as if they were on a domestic flight. Of course, our relationship goes far beyond commerce and tourism, and I am particularly pleased that H. Res. 357 takes note of the extensive cooperation between the United States and Canada at NATO. Canada has been and remains a key U.S ally in several international conflicts around the world, including in Afghanistan, where Canada employed 2,800 troops to the NATO-led International Security Assistance Force from 2006 to 2011. I also want to note the crucial role that Canada has played in holding Venezuelan President Nicolas Maduro and his lackeys accountable through both multilateral action at the OAS--Organization of American States--and targeted sanctions. Most recently, I was very pleased that Canadian Foreign Minister Freeland hosted the Lima Group in Toronto in October. Mr. Speaker, unfortunately, the U.S -Canada relationship needs to be rejuvenated, needs to not be taken for granted. We have to work at that over time, and I think it is important that we all work at that. As a global entity, the U.S -Canada relationship should be a relatively even one to manage. We don't want to have jobs at risk by creating a trade war with Canada. Trade disputes between two big neighbors are normal. We should not be escalating manageable disagreements in a way that could hurt workers in both of our countries. So I believe that we should let all the leaders know that the House is leading the way, and we hope that everyone follows Congress' lead today in affirming the importance of the U.S -Canada relationship. Mr. Speaker, I reserve the balance of my time. Mr. ROYCE of California. Mr. Speaker, I yield 4 minutes to the gentleman from South Carolina (Mr. Duncan). He is the author of this resolution. Mr. DUNCAN of South Carolina. Mr. Speaker, I thank the chairman and the Foreign Affairs Committee for helping move this resolution. Mr. Speaker, being the former chairman of the Western Hemisphere Subcommittee on the House Foreign Affairs Committee, I rise to encourage the passage of H. Res. 357 to reaffirm the ***strategic*** partnership between the United States and Canada. As my good friend and former United States Ambassador to Canada, David Wilkins taught me that Canada is one of our strongest allies and one of our largest and best trading partners, and we are dependent on cooperation between the nations to promote trade, security, and energy issues. It is imperative that we protect the close partnership with Canada and the interdependent North American energy market. Enforcing the strength of our relationship with Canada would expand the size of our energy market, create more jobs, reduce energy cost for consumers, and enhance North American energy security and interdependence. I remind the administration that energy issues should be a top priority in any NAFTA negotiation, as Canada is the largest supplier of energy to the United States. Now, this includes oil, uranium, natural gas, and electricity. We share the longest undefended border, the largest bilateral trading relationship, and one of the deepest security and energy partnerships in the world. Today, 32 States consider Canada their primary trading partner. The comprehensive trade and investment relationship, which the United States has with Canada, supports millions of jobs in goods and services on both sides of the border. The importance of this bilateral relationship is critical for both countries. Let me conclude by saying it is vital that we continue to look for ways to strengthen our relationship with Canada, and I hope that my colleagues will support this resolution to reaffirm the importance of U.S -Canada relations. Mr. ENGEL. Mr. Speaker, I yield myself such time as I may consume. [[Page H9828]] Mr. Speaker, in closing, let me say that this year marks the 150th anniversary of the Canadian Confederation. So it is appropriate that we are considering this important resolution on the House floor before 2017 comes to a close. As was said by all the other Members, the U.S and Canada share so much more than just our extensive borders and daily commerce. We share people-to-people ties that run generations deep and continue on a daily basis. Today, by passing H. Res. 357, Congress has an opportunity to show our commitment to and gratitude for the U.S -Canada relationship. We also have an opportunity to show the world how two nations can get along with miles and miles of continuous borders. I urge my colleagues to join me in supporting this important resolution. I again thank Chairman Royce and the former chairman of the Western Hemisphere Subcommittee for their work. Mr. Speaker, I yield back the balance of my time. Mr. ROYCE of California. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I want to once again thank Representative Duncan and Mr. Meeks and Mr. Huizenga and Mr. Engel for their commitment to the U.S - Canada relationship and for bringing this important resolution forward. This resolution affirms the already strong partnership that we enjoy with our neighbors to the North while recognizing that this bilateral relationship has advanced our national interests. In addition to working together on trade, on border security, on energy, Canada is also a valuable partner in security. As my colleagues know, Canada is a founding member of NATO and leads a NATO battalion in Latvia--I happen to have seen that battalion recently in Latvia--while maintaining 200 Canadian military trainers in Ukraine. Our shared values and proximity have rendered Canada one of our most important allies, and this resolution allows this body to stand together in affirming that relationship. I urge my colleagues to support this important resolution. Mr. Speaker, I yield back the balance of my time. The SPEAKER pro tempore (Mr. Poe of Texas). The question is on the motion offered by the gentleman from California (Mr. Royce) that the House suspend the rules and agree to the resolution, H. Res. 357, as amended. The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the resolution, as amended, was agreed to. A motion to reconsider was laid on the table.

**Load-Date:** December 16, 2017

**End of Document**



[***Australia Making Big Strides Toward Playing Catch up in Cannabis Market; USA News Group News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PXP-0F31-DXP3-R3PB-00000-00&context=1516831)

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**Body**

Despite being behind Canada and the U.S. on the legal curve of medical and recreational marijuana adoption, Australia is taking big steps towards competing with the leading markets. Several partnerships, including one to build a one million square foot cannabis production facility in the country, are helping Australia to play catch up.

Cannabis companies experiencing positive momentum from these advances include MYM Nutraceuticals Inc. (CSE: MYM) (OTC: MYMMF), Organigram Holdings Inc. (TSX-V: OGI) (OTC: OGRMF), CanniMed Therapeutics Inc. (TSX: CMED) (OTC: CMMDF), and Supreme Pharmaceuticals Inc. (TSX-V: FIRE) (OTC: SPRWF).

It appears that Australia may be the next major nation looking to liberalize how it handles the application of cannabis with serious efforts to bolster its growing industry.

In a recent news release, Canadian firmMYM Nutraceuticals Inc.(CSE:MYM) (OTCQB:MYMMF) announced that it entered a ***strategic*** partnership with PUF Ventures Inc. (an Australian government-owned venture) for the construction of a one million square foot greenhouse facility in northern New South Wales, Australia known as the Northern Rivers Project.

This would make the facility one of the largest dedicated cannabis growing operations in the world and certainly the largest in Australia.

It seems that MYM Nutraceuticals Inc. is an obvious choice for this unique partnership. MYM is a young company, but it is already developing of some of the world's largest cannabis greenhouses, as well as diversified interests in cannabis derivatives, formulations and distribution.

Analysts are reacting positively to the news with the sentiment that moving down this road can directly benefit other companies already dealing in legal cannabis. These include Licensed ***Producers***, medicinal marijuana companies developing therapeutics and more diversified cannabis companies includingOrganigram Holdings Inc.(TSX-V: OGI) (OTCQB: OGRMF),CanniMed Therapeutics Inc.(TSX: CMED) (OTCMKTS: CMMDF), andSupreme Pharmaceuticals Inc.(TSX-V: FIRE) (OTC: SPRWF).

DOWN UNDERCANNABIS

Australia has continuously introduced progressive medical cannabis laws in the past few years, and is very much positioned about where Canada was about four years ago.

Assuming recreational cannabis becomes legal there and with a population of more than 24 million people, it is estimated that Australia's cannabis market could grow to roughly CDN $9 billion over the next seven years. This makes Australia a very attractive market, especially for existing ***producers*** in Canada and the U.S.

Being one of the first large-scale production facilities in the Australian market, MYM and PUF stand to capture a significant portion of that potential revenue and take a first-mover position.

NOT THEIR FIRST RODEO

The Northern Rivers Project includes a land purchase option agreement with the local government for a 27-hectare parcel of land near the town of Casino in northern New South Wales. This is a landmark agreement whereby the Richmond Valley Council will provide the land for five years at no cost, with an option for Northern Rivers Project to purchase the parcel on favorable terms after year five.

The Richmond Valley Council has been extremely supportive of Northern Rivers Project's growth strategy and vision. For the council, it's a move to improve local economic and employment opportunities.

The construction of the growing facility will be completed in stages at an estimated total cost of CDN $50 million. The first phase of the project covers about 300,000 square feet, which upon completion, will be the largest medical cannabis greenhouse in Australia.

Based on current timelines, permitting and various Australian approvals, MYM and PUF say the first crop is expected to be planted in the fourth quarter of 2018.

If this arrangement sounds familiar, it is. MYM Nutraceuticals negotiated a similar agreement for its Weedon, Quebec growing facility in Canada.

Through its majority-owned subsidiary CannCanada, MYM signed an exclusive deal with the Quebec municipality of Weedon to build a 1.5 million square foot facility in 2016.

The town of Weedon itself is acquiring the 329 acres of land in order for MYM to establish its new megastructure. At completion, Weedon will be one of the largest greenhouse facilities dedicated to marijuana growth in the world, expected to ***produce*** over 150,000 kg of cannabis per year.

MYM is also developing a smaller growing facility in Laval, Quebec which it expects to have online in by the end of this year.

HELPINGCREATETHE BOOM

Along with growing and cultivation at Weedon, Laval and Casino, MYM is creating its own unique integration path with brands, formulations and distribution capacity for its cannabis-based brands that include Joshua Tree, MyHemp Skin Therapy, and HempMed.

The HempMed line features custom-made cannabis products with tailored CBD chemistries to treat specific medical conditions and symptoms. They already offer more than 20 products including tinctures, concentrates and oils, edibles, vape products and pet care products.

MYM Nutraceuticals also boats first-in-class R&D in developing the highest quality cannabis-based nutraceuticals.

The company is moving at a breakneck pace toward establishing significant production capabilities backed by fully integrated R&D, products and distribution. The addition of the Australian interests opens the boundaries and makes MYM truly international.

It appears that their Australian partners see MYM Nutraceuticals as a logical fit for their growth ***plans*** and the country is fertile ground for this stage of development.

Australia's government is willing to embrace the legalization and integration of cannabis, at least for medicinal applications at present. The country is following other jurisdictions' models of steady-paced adoption.

The global cannabis market is experiencing a true growth boom and there are several mostly untapped regions. Australia, while it may take time to evolve, is a good place to lay the seedbed for what may be an integral part of the global cannabis market.

MYM and PUF are certainly at the jump off point for the next major stage of growth.

POTENTIAL COMPARABLES

Organigram Holdings Inc.(TSX-V: OGI) (OTCQB: OGRMF)

Organigram Holdings Inc. is a TSX Venture Exchange listed company whose wholly owned subsidiary, Organigram Inc., is a licensed ***producer*** of medical marijuana in Canada. Organigram is focused on ***producing*** the highest quality, condition specific medical marijuana for patients in Canada. Organigram's facility is located in Moncton, New Brunswick and the Company is regulated by the Marihuana for Medical Purposes Regulations.

CanniMed Therapeutics Inc(TSX: CMED) (OTCMKTS: CMMDF)

CanniMed Therapeutics Inc. is a Canadian-based, international plant biopharmaceutical company and a leader in the Canadian medical cannabis industry. CMED has an active plant biotechnology research and product development ***program*** focused on the production of plant-based materials for pharmaceutical, ***agricultural*** and environmental applications. Its subsidiary CanniMed Ltd., was the first ***producer*** to be licensed under the Marihuana for Medical Purposes Regulations (MMPR), the predecessor to the current Access to Cannabis for Medical Purposes Regulations (ACMPR). The company also owns ***strategic*** assets to service the potential medical cannabis market in the United States.

Supreme Pharmaceuticals Inc.(TSX-V: FIRE) (OTC: SPRWF),

Supreme Pharmaceuticals, through its wholly owned subsidiary, 7ACRES, is one of the first 40 federally licensed Canadian ***producers*** of medical cannabis pursuant to the ACMPR. The company operates inside a 342,000 sq. ft. Hybrid Greenhouse facility located in Kincardine, Ontario. It is the largest facility of its kind to grow with advanced HVAC and C02 enrichment using the full-spectrum sun. The company has commenced its first sales of dried cannabis to Aurora Cannabis, possibly the largest and most trusted retail brand in the Canadian industry.

For a more in-depth look into MYM you can view the in-depth report at USA News Group: [*http://usanewsgroup.com/2017/11/06/the\_marijuana\_boom\_is\_here\_to\_stay-2-2-2/*](http://usanewsgroup.com/2017/11/06/the_marijuana_boom_is_here_to_stay-2-2-2/)

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[*http://usanewsgroup.com*](http://usanewsgroup.com)

[*info@usanewsgroup.com*](mailto:info@usanewsgroup.com)

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Media Contact Information:

FN Media Group, LLC

Media Contact [*e-mail:editor@financialnewsmedia.com*](mailto:e-mail:editor@financialnewsmedia.com)

U.S. Phone: +1(954)345-0611

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[***GCC member states strengthen global trade ties***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74PH-00000-00&context=1516831)

Oxford Business Group: Articles

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**Body**

For the nations of the GCC, the drop in oil prices highlighted something many already knew: there is a pressing need for economic diversification and to further engage with global partners across different markets. To this end, countries in the region have made efforts to expand their international role and reach in recent years, with trade deals and investment being pursued in the US, China and India. Going forward, relationship building is likely to receive even greater focus, as GCC member states seek opportunities and forge partnerships with new economies.

LOOKING WEST: One of the most closely watched international developments in 2016 was the US presidential election. Despite Donald Trump's "America first" rhetoric, his first year in office had a largely positive impact on US-GCC relations, which had frayed somewhat under Barack Obama, who led the US from 2008 to 2016. Trump's first foreign trip as president in May 2017 began in Saudi Arabia. There, he met with 50 Arab and Muslim leaders, including those from the six GCC nations. It was announced shortly before the visit that the US had signed deals worth more than $350bn with Saudi Arabia, including $110bn related to weapons and arms contracts. The following month the US Department of State approved an initial sale of military training ***programmes*** and equipment worth over $1.4bn to the kingdom, with the contract including a radar system and education for the Royal Saudi Air Force.

Trade relations beyond defence have been enhanced recently as well, with Saudi Arabia's sovereign wealth fund, the Public Investment Fund, announcing ***plans*** to contribute $20bn to private investment firm Blackstone Group, with the funds to be used as financing for infrastructure projects in the US.

It is the UAE, however, that has historically been the US' largest export market in the Middle East, with sales worth more than $22bn in 2016. According to Sultan bin Saeed Al Mansouri, the minister of economy of the UAE, non-oil trade between the US and the UAE rose from $27.8bn in 2015 to $30.3bn in 2016. Alongside the military deals with Saudi Arabia, the US authorised the sale of $2bn worth of missiles to the UAE.

TO THE EAST: China's engagement with the Middle East has also grown significantly in recent years, with a number of ***strategic*** agreements and projects put in place. This trend has been aided by China's Belt and Road Initiative (BRI), which was unveiled in 2013.

The aim of the scheme is for the country to significantly extend its global reach, and it has found a receptive audience in the GCC. Saudi Arabia and China signed 15 memoranda of understanding (MoUs) during the G20 summit in September 2016, spanning areas such as science and technology, oil storage, water and cultural cooperation. These MoUs are part of a five-year ***programme*** of mutual investments, with a timeframe of one year set aside to finalise the deals.

At a global exhibition in the UAE in February 2017, another MoU - related to China's defence sector - was executed between the two countries. The agreement ***plans*** to establish a production line in Saudi Arabia for China's new-generation Rainbow 4 aerial drone, among other projects. One month later, during a tour of Asia to increase economic cooperation with the region, King Salman bin Abdulaziz Al Saud of Saudi Arabia oversaw the signing of additional deals worth upwards of $65bn with the Chinese government.

The agreements included an MoU between oil giant Saudi Aramco and China North Industries Group to explore the establishment of refining and chemicals plants in China, as well as a deal between Saudi Basic Industries Corporation (SABIC) and China's Sinopec to develop petrochemicals projects in both countries. Sinopec and SABIC already run a joint chemicals complex in the Chinese city of Tianjin.

China is currently Saudi Arabia's largest trading partner, with bilateral exchanges amounting to $42.4bn in 2016. During a visit to the kingdom in August 2017 Zhang Gaoli, vice-premier of China, said his country "supports Saudi Arabia in making its 2030 vision a reality, and would like to be a partner as the country diversifies its economy". Some 60 agreements and MoUs, worth nearly $70bn, were signed during his visit.

REGIONAL PARTNERS: Gaoli also visited Kuwait during his time in the region, becoming the highest-level Chinese official to visit the nation in almost a decade, as the countries look to deepen trade relations. Kuwait was the first Gulf state to establish full diplomatic ties with China in 1971 and also was one of the initial Arab countries to sign a cooperation agreement with it under the BRI. Bilateral trade between China and Kuwait reached $9.37bn in 2016 and rose 28.6% year-on-year (y-o-y) to $5.47bn in the first half of 2017.

The UAE is also expected to play a key role in BRI due to its importance as a regional and global trade hub. The country is the gateway for roughly 60% of China's exports to the region, worth about $70bn annually, according Abu Dhabi Ports. He Song, commercial counsellor at the Chinese embassy in Abu Dhabi, stated that Chinese non-financial foreign direct investment in the UAE rose 352% y-o-y in the first nine months of 2016 to reach $390m. That year China's COSCO Shipping Ports won a 35-year concession to build and operate a new container terminal at Khalifa Port in Abu Dhabi, with ***plans*** to invest over $700m in the facility.

Earlier, in December 2015, Abu Dhabi-based Mubadala Investment Company launched a joint investment fund with China Development Bank Capital and China's State Administration of Foreign Exchange, with each government investing $5bn to be used for projects in both countries. Since 2011, four of China's state-owned banks have set up operations in the UAE.

INDIA & PAKISTAN: Emerging markets in South Asia are seen as key to outward growth. India is the GCC's largest trade partner, and with the OECD expecting the country's economic growth to remain above 6.7% through to 2019, there are likely to be further opportunities on offer in the future. Trade between India and the GCC totalled $137.7bn in 2014-15, up from $6.2bn in 2001-02, according to the International Trade Centre. Ali Ebrahim, deputy director-general of Dubai's Department of Economic Development, said in August 2017 that GCC exports to India had increased by 49% each year over the previous decade - the highest growth rate among the region's major trading partners - with imports from India rising by 39%. According to India's Ministry of External Affairs, the GCC also currently supplies roughly 60% of India's total energy imports. Furthermore, with millions of Indians working in Gulf states, remittances from the region are worth more than $35bn per year, representing roughly half of India's annual total income from this source.

While relations between Pakistan and the GCC are not as well established as those with India, a third round of negotiations over a free trade agreement (FTA) between the GCC and the South Asian country is expected by the end of the first quarter of 2018. The hope is that an FTA will help to further develop multilateral trade, with Pakistan's ***agricultural*** potential and energy needs seen as areas of opportunity.

RUSSIA: With Russia a major hydrocarbons ***producer*** in its own right, trade between the GCC region and the northern giant has never been as critical as with the US, China and India. Still, there have been strong efforts to boost bilateral trade and cooperation. The Russian Direct Investment Fund (RDIF) and Mumtalakat, Bahrain's sovereign wealth fund, signed a mutual investment agreement in 2014, and in February 2016 it was reported that Mumtalakat had made a $250m investment in the RDIF. In June 2017 Mahmood Hashim Al Kooheji, CEO of Mumtalakat, told Reuters that they had an "impressive" pipeline of investment deals in Russia, with $135m worth of projects approved. Bahrain's moves followed the announcement in November 2015 that Kuwait's sovereign wealth fund, the Kuwait Investment Authority, had agreed to allocate an additional $500m to investment projects in Russia. These funds furthered an initial $500m joint investment mechanism that was launched in 2012. According to Kirill Dmitriev, head of the RDIF, Gulf sovereign wealth funds had earmarked more than $20bn for investment in Russia as of May 2017. In June 2017 Rosneft - Russia's largest oil ***producer*** - and Saudi Aramco announced they were looking into joint investments in Saudi Arabia. At the same time, the kingdom said it would be evaluating joining Russia's Arctic liquefied natural gas project. In Oman, Sultan Qaboos bin Said welcomed a Russian special envoy in February 2017 to review bilateral relations, reinforce a climate of supportive cooperation and activate existing joint agreements. Trade between Oman and Russia has risen sharply since 2010.

If oil prices continue to recover at their current pace, thereby generating additional revenue for the region's sovereign wealth funds, it is likely GCC member states will enter into additional agreements with countries around the world. These deals, whether related to developments in the Gulf or investments elsewhere, will become increasingly important for the economic growth and revenue generation across the region.

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HINA Digest

17 February 2018

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**Body**

Zagreb, 17 February 2018 (Hina) - Krsticevic invites NATO Secretary-General to visit CroatiaZAGREB, Feb17(Hina) - Croatian Defence Minister Damir Krsticevic has invited NATO Secretary-General Jens Stoltenberg to visit Croatia and thus be acquainted with the preparedness of the Croatian Armed Forces."I have invited him to visit Croatia to gain an insight into what we are doing to upgrade our defence system," Krsticevic told reporters in Munich on Saturday when he met with Stoltenberg on the margins of the ongoing security conference in that German city.Croatia Prime Minister Andrej Plenkovic is due to hold talks with Stoltenberg in Brussels next week.Currently, Croatia's defence budget amounts to1.32% of GDP, which is below the target of 2% percent set by the alliance.It is the United States that insists that NATO's European members increase their budget allocation for the defence.Last year, the cabinet by PM Plenkovic halted a trend of decreasing investment in the defence sector and increased the funds intended for the armed forces whose troops are taking part in some UN-or EU-led peace missions.Krsticevic held meetings with delegations from the USA and Great Britain, too, on the margins of the international conference in Munich.Croatia's Foreign and European Affairs Minister Marija Pejcinovic Buric also attendedthe Munich event.Croatia systematically increasing defence budgetZAGREB, Feb 17 (Hina) - Defence Minister Damir Krsticevic said on Fridaythat Croatia was systematically increasing its defence budget to reach NATO's goal of 2% of GDP from the present 1.32%.NATO wants the member states to spend 2% of GDP on defence.

The United States, the biggest contributor to common defence, also insists that the alliance's European members increase defence spending."Croatia is systematically increasing defence allocations. We are increasing our defence capabilities and strengthening the victorious Croatian army," Krsticevic told the press at a security conference in Munich."Last year we halted the defence budget decline after six years. This government has increased the budget both last year and this year and now we are at 1.32% of GDP," he added.Krsticevic and Foreign Minister Marija Pejcinovic Buric were representing Croatia at a traditional gathering of the security community in the Bavarian capital.Krsticevic called for stronger defence cooperation between the EU and NATO. "New security challenges, cyber threats, terrorism and hybrid activity require common and coordinated action and a timely exchange of information," he said and added: "Croatia is involved in the EU's Permanent Structured Cooperation (PESCO) project and here we want to include the potential of the Croatian defence industry even more."On the margins of the conference, Krsticevic met separately with defence ministry officials from Germany and Israel. He confirmed that one of the topics discussed was the ***planned*** purchase of fighter aircraft."We discussed that too. Right now we are in additional consultations with all the partners to make a responsible and affordable decision," Krsticevic.The Croatian army ***plans*** to buy multi-purpose fighter jets to replace its outdated Russian-made MiG-21 aircraft. Greece, Israel, Sweden and the US have presented their bids.Croatia holds that best way to solve border row is to refer it to court - FMZAGREB, Feb17(Hina) - Border disputes between southeast European countries which cannot be solved bilaterally, should be forwarded to an international court rather than going to arbitration, Croatian Foreign and European Affairs Minister Marija Pejcinovic Buric said in Munich on Saturday where she was attending an international security conference.The EU has recently outlined its latestStrategy for the Western Balkans, and the document reads that "where border disputes are not resolved bilaterally, parties should submit them unconditionally to binding, final international arbitration, the rulings of which should be fully applied and respected by both parties before accession and taken into account in preparation of Accession Treaties."Addressing the Munich conference, the European Commission's President Jean-Claude Juncker said that the bad experience from the Slovenia-Croatia border dispute wasa reason why western Balkan aspirants would be asked to solve their border rows before joining the Union.Minister Pejcinovic Buric recalls that Croatia's borders with Serbia and with Bosnia and Herzegovina have not yet been delimited and Zagreb wants to resolvethe border demarcation independently from the processes of itsneighbours' accession to the European Union.If there is good will, the solution can be achieved bilaterally. Where a bilateral agreement is not possible, the best option is, according to our experience, to refer the case to permanentinternational courts:the International Court of Justice in The Hague or the International Tribunal for the Law of the Sea in Hamburg, she saidThe ministerexplains that permanent courts have more experience.Croatia and Slovenia went to arbitration over their border dispute, and the arbitration award delivered last June in this case was not accepted by Croatia after Slovenia's representative and arbiter compromised the procedure. Slovenia, however, insists on the implementation of the award.Pejcinovic-Buric said that the negotiations which Ljubljana and Zagreb had conducted about this border demarcation for 25 years did not set a good example to other countries, however Croatia "is willing to bring the issue to a completion" and "the solution is in the offing"."We are very close to a possible solution, and this requires the openness of both parties," she said.Juncker reiterates W. Balkan aspirants should settle border rows before EU entryZAGREB, Feb 17 (Hina) - As a result of the bad experience from the Slovenian-Croatian border conflict, the Western Balkans have to solve their border disputes before they can become members of the European Union, European Commission President Jean-Claude Juncker said on Saturday addressing the Munich Security Conference.The EU recently presented a new strategy for the Western Balkans in which it refers to the arbitration model for resolving border disputes which cannot be resolved through bilateral negotiations.Juncker saysthat it isdifficult for him to watchthe Slovenian-Croatian border dispute which he believes could have been resolved prior to the two countries' admission tothe Union.Instead the row was referred to an international arbitral tribunal, but the parties cannot agree on how to handle this arbitraitonaward,he said.Juncker underscored that disputes in the Balkans have to be resolved before any country in the region joins the EU.The Western Balkans countries are not yet able to join the European Union at the present time. But it is important that they keeptheir European perspective, he said.This is because of the experience of the early 1990s and this is a "highly complicated, highly sensitive region. And by exporting this prospect of accession, we must export stability, instead of importing instability in the EU," Juncker said."The conditionis that the Western Balkan countries have settled their border disputes before they can become members ofthe European Union," he underscored.Juncker announced his tour of the Western Balkans at the end of February and the beginning of March to visitregional aspirants that are frustrated by the absence ofa clear time framework for additional enlargement.Croatian and Russian ministers meet to keep intensified dynamics in relationsZAGREB, Feb17(Hina) - Croatia's Foreign Minister Marija Pejcinovic Buric on Saturday met with her Russian counterpart SergeyLavrov on the margins of the international security conference in Munich, and their talks werepart of the intensified dynamics inbilateral meetings.Throughout 2017, there were a few meetings at the ministerial and parliamentary level, and that was crowned by the meeting between the two presidents, Vladimir Putin of Russia and Kolinda Grabar-Kitarovic of Croatia in the Russian resort of Sochi.Minister Pejcinovic Buric said that all that resulted in the strengthening of cooperation as evidenced in higher exports and imports to and from Russia and the number of Russians visiting Croatia rose by 15% in 2017.Russia also helped efforts aimed at reaching agreement onconverting the Russian-owned oil refinery at Bosanski Brod into one powered by natural gas, so as to addressthe problem of cross-border air pollution affecting Slavonski Brod, a Croatian town on the other bank of the Sava River.Pejcinovic Buric said she had not discussed with Lavrov the interest of Russia's Rosnjeft in acquiring a part of Croatia's oil and gas company INA, but she recalled that Moscow was interested in being present in Croatia's energy sector.Croatia is a member of the European Union and NATO and standsby other members, but we think that there should be room for developing the relations with big countries such as Russia, she said.During her stay in Munich, Pejcinovic Buric also held talks with an U.S. official on the future LNG terminal off the Croatian island of Krk.She also met an Israeli official for talks on the Croatia-Israel relations thatwere developing towards "***strategic*** partnership" in the defence industry and in ***agriculture***, according to the statement made by the minister.Russian foreign minister to visit Slovenia and Serbia next weekZAGREB, Feb 17 (Hina) - Russian Foreign Minister Sergey Lavrov will visit Slovenia on February 21 to discuss bilateral relations, economic cooperation and current political topics, including the Ukraine crisis and the situation in the Western Balkans, the Slovenian Foreign Ministry announced on its website.Lavrov is due to meet with Foreign Minister Karl Erjavec and President Borut Pahor.After that, the Russian foreign minister travels to Serbia for a two-day working visit on the occasion of 180 years since the establishment of diplomatic relations between the two countries.In Belgrade, he is scheduled to meet with President Aleksandar Vucic and Foreign Minister Ivica Dacic, TASSnews agency said.Stjepan Mesic, not Orhan Pamuk, awarded honorary citizen of Sarajevo titleZAGREB, Feb 17(Hina) - World-renowned Turkish novelist Orhan Pamuk will be left without the title of honorary citizen of Sarajevo after a municipal commission reviewed its decision and decided to confer the award on former Croatian president Stjepan Mesic.The City Council Commission on Elections and Appointments initially voted 7:0 to support the proposal by the Sarajevo book publisher Buybook and the non-governmental organisation Amadeus to proclaim Pamuk an honorary citizen of Sarajevo. The award was to be presented to him in April in Sarajevo.The decision says that the title of an honorary citizen may also be awarded to a foreign national for their outstanding contribution to the development and recognition of the city and the promotion of international and interpersonal relations on the principles of solidarity, democracy, humanity and tolerance.Pamuk was nominated for his repeated reminiscences of the significance of Sarajevo as a meeting point of civilisations and cultures and for the fact that he agreed to work on a film scenario about a wartime concert by the Sarajevo Philharmonic Orchestra in the demolished City Hall.However, seven days after the unanimous decision, a new meeting of the same commission was convened on the initiative of the Democratic Action Party (SDA)to review the initial decision. This time around, four members voted against the title being awarded to Pamuk, saying that "he has not done enough for Sarajevo.""They decided to award the title to Stjepan Mesic instead of Pamuk," Buybook owner Damir Uzunovic told Hina. He said he suspected the reason for this was the desire of the predominantly Muslim ruling party to curry favour with Turkey and the regime of President Recep TayyipErdogan."They (the SDA) are defending the Turks against Pamuk," Uzunovic said, adding that such behaviour was totally absurd because Pamuk was undeniably a great figure regardless of his criticism of Erdogan and his rule.Buybook has been in negotiations with Pamuk since 2014 about his visit to Sarajevo, and Uzunovic now fears that nothing will come of it after this insult from the Sarajevo City Council.Opposition parties in the City Council have a similar opinion as Uzunovic.Our Party councillor Samir Fazlic also said that the SDA was behind this decision because of Pamuk's criticismof Erdogan's policy of jailing opposition intellectuals, writers and journalists and his writings about Turkey's atrocities against the Armenians."The SDA fears that the title of honorary citizen of Sarajevo will anger Erdogan, and we should recall that the (Muslim) member of the Bosnia and Herzegovina Presidency, Bakir Izetbegovic, is ready to bequeath Bosnia to Erdogan," Fazlic said.Fazlic noted that this was not the first such case. In 2016, Ali Lafcioglu, a Turkish teacher at a Sarajevo school sponsored by Erdogan's political opponent Fethullah Gulen, was stripped ofa Sarajevo city award on the SDA's initiative.SDP leader: Ramljak and Plenkovic must goZAGREB, Feb 17 (Hina) - The leader of Croatia's strongest opposition Social Democratic Party, Davor Bernardic, said in an interview with the Nova TV commercial network on Friday evening that no one believed Economy Minister Martina Dalic and Agrokor's emergency administrator Ante Ramljak any more, adding that Ramljak and Prime Minister Andrej Plenkovic should step down because the special law on Agrokor enabled "legal robbery" at the heavily indebted food and retail conglomerate.Asked if he believed Dalic and Ramljak after Friday's marathon session of the parliamentary Committee on the Economy, Bernardic said he thought no one believed them any more. "With the Agrokor law, Plenkovic allowed Ramljak and his consultants to get shamelessly rich. He allowed legal robbery at Agrokor," he said."Maybe you should ask the 27,000 people who work at Agrokor. They watch this every day fearing for the livelihoods of their families while Ramljak earns in one month what they can't earn in their lifetime," Bernardic said.Asked what he would do if he were the prime minister, Bernardic said that the SDP had proposed a solution - to change the pre-bankruptcy and bankruptcy laws. "I would immediately launch the procedure for Ramljak's dismissal. Ramljak equals Plenkovic. Martina Dalic has been given the role of a lightning rod. She was probably advised by her advisers, who work for both the ministry and AlixPartners, to defend Plenkovic. It's the same bunch of cronies - Plenkovic, Dalic, Ramljak, Skegro ... Ramljak must go, that's clear, and that means Plenkovic must go too.""Now they need another three months for a settlement. If they failed to solve the problem in a year, they will certainly not solve it in another three months. Of course we are concerned. Ramljak said he made a mistake, but he did not say he would return the money," the SDP leader said.He briefly commented on the defamation suit brought against him by Ramljak, saying: "It will be a chance to present arguments."Asked who was the SDP candidate for the chair of the Conflict of Interest Commission, Bernardic said they had voted for Dalija Oreskovic. "Croatia needs institutional stability and today's vote showed that the ruling coalition apparently didn't have a majority, which is not strange after all that has been happening."Asked about the SDP's position on Serbian President Aleksandar Vucic's visit to Croatia earlier this week, he said that the visit was "part of a show between Zagreb and Belgrade which aims to position Vucic as the leader in Serbia and Kolinda Grabar-Kitarovic as the leader in Croatia, ahead of elections.""Problems will not be solved by using nationalist rhetoric. The real problems in relations between Croatia and Serbia are the border issue and missing persons from the war," Bernardic said.SDP set to adopt future-oriented ***programme***, says officialZAGREB, Feb17(Hina) - Social Democratic Party (SDP) Presidency member Ivana Posavec Krivec said on Saturday that a future-oriented ***programme*** of this strongest Opposition party was in the works.Posavec Krivec said thatthe party leadership on Saturday discussed the programmeand a new rule bookin a bid to define new guidelines about "what the SDP is nowadays and how we see it in the future so as to build a better society".The grassroot membership will give their opinionduring public debates on the two documents that have been drawn up by "eminent experts, scientists and people who are committed to the cause of social democracy. After that public debate, the SDP Main Committee will discuss the matter again on 3 March and after that they will be on the agenda of the party's convention, she said.She said that the new ***programme*** should replace the existing one adopted 22 years ago.We are introducing a new conceptof the economy through social investment, as we want to show that the SDP is not a party that is able to meet needs only by allocating funds from a high budget, but that we can create new values as sources of investment, for instance in education and healthcare, she said.In her comment on the new rule book, Posavec Krivec said that the this document would confirm three principles: further democratisation, decentralisation of the party and de-accumulationof functions for the purpose of making the SDP stronger.The SDP presidency on Saturday morning unanimously endorsed the draft ***programme*** of the party.The Committee also adopted the draft rule book.However, anSDP parliamentarian, Mirando Mrsic, criticised both documents: the ***programme*** for being sloppily compiled and the rule book for giving too much powers to the president.Miletic reelected IDS leaderZAGREB, Feb 17 (Hina) - The Istrian Democratic Party (IDS) leader Boris Miletic was reelected for this position by a majority vote in an election convention of this parliamentary party in Labin on Saturday.As many as 242 delegates were supportive of Miletic, the mayor of the biggest Istrian city of Pula, whereas a mere four delegates voted against him.Miletic was the sole candidate for the presidency of this party that has three lawmakers in the Croatian parliament.Croatian ***agricultural*** ***producer*** prices up 9.7%ZAGREB, Feb17 (Hina) - Croatian ***agricultural*** ***producer*** prices increased by 9.7% in the last quarter of 2017 compared with the same period of 2016, data from the National Bureau of Statistics (DZS) show.Crop pricesrose by 14.1% and prices of livestock, poultry and livestockproducts by 1.5%.The rise in crop prices was mostly due to lower yields as a result of bad weather conditions.Cereal prices increased by 18.5%, fruit prices by 36.4%, vegetable prices by 3.2%, olive oil prices by 3.8% and potato prices by 42.7%. At the same time, forage crop prices fell by 11.7% and wine prices by 6.2%.Livestock prices rose by 6.5%, milk prices by 7.2% andegg prices by 4.9%, while pig prices dropped by 2.3% and prices ofsheep and goatsby 4.9%.Fertiliser prices went up by 7.7%, energy and lubricant prices by 6.3%, veterinary services prices by 3.0% and animal feed prices by 0.7%.THIS BULLETIN INCLUDES NEWS ITEMS RELEASED BY 2100 HRS SATURDAY. (Hina) ms Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

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[***Cannabis Conundrum Fuels Possible Advantage for Industry Sub-sectors; NetworkNewsWire News Coverage***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RFD-04K1-JB72-1384-00000-00&context=1516831)

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**Body**

Cannabis stocks just got whipsawed. The sector soared after the New Year when California legalized recreational marijuana. The following day the sector sank when the U.S. Attorney General Jeff Sessions rescinded the federal policy of non-interference with qualifying state marijuana laws, known as the Cole Memorandum. Mr. Sessions' action sent shivers of uncertainty and confusion throughout the cannabis industry. At the heart of the conundrum is what to do about the millions of people who rely on non-psychoactive cannabidiol (CBD) as part of their personal care and wellness regimen. The hemp-based CBD sector looks to be the possible beneficiary of the current cannabis quandary. The Control Substances Act excludes certain parts of the cannabis plant, typically characterized as hemp, from the definition of marijuana. Companies that ***produce*** and/or market hemp-derived CBD products, likeMarijuana Company of America, Inc.(OTC: MCOA)(MCOA Profile)are well-positioned to possibly garner increased traction in product sales. Other hemp-focused companies, includingUnited CannabisCorp(OTC: CNAB),AmeriCannInc.(OTC: ACAN),General CannabisCorp(OTC: CANN), andPotNetwork Holding, Inc.(OTC: POTN) (POTN Profile), may also weather potential legal issues caused by uncertainty.

Investors and cannabis consumers should understand some of the similarities and differences between hemp and marijuana. Both marijuana and hemp come from the same plant species, Cannabis Sativa L., but centuries of breeding and manipulation resulted in the emergence of two distinct varieties with two completely different uses: one for psychoactive purposes, and the other for ***agricultural*** and industrial uses. Marijuana is grown for its psychoactive THC content, while industrial hemp is an ***agricultural*** crop grown for seed, fiber and Hemp-derived CBD oil containing trace amounts of non-psychoactive THC (less than 0.3%), and high levels of CBD.

Featuring industrial hemp-based CBD products, and led by Donald Steinberg and Charles Larsen, two veterans of the cannabis and industrial hemp industries,Marijuana Company of America, Inc. (OTC: MCOA)is in a potential position to thrive in spite of any industry uncertainty. The company's profile results from its focus on industrial hemp-based CBD products, and its portfolio of synergistic companies that operate in the space. Formed in 2015,MCOAhas already established its presence in the industrial hemp CBD market, as well as related services supply chains.

The company's business model, and upper management's experience, distinguishesMCOAfrom others in the sector. Donald Steinberg,MCOA's CEO, is a cannabis industry pioneer. Along with MCOA director Charles Larsen, they founded the first marijuana company trading on a U.S. stock market, Medical Marijuana Inc. Together, their first-hand knowledge of the industry givesMCOAinsights on the industry, and the vision to capitalize on opportunities in a market projected by some analysts to reach $22.6 billion over the next three years. Steinberg and Larsen also formed Canadian based Global Hemp Group, which is focused on the production and processing of hemp and cannabis. Larsen has more than 30 years of experience working in government, public, private and startup companies and has been actively involved in the cannabis and hemp industry for a decade.

MCOA's hemp-based CBD consumer products are researched, developed and sold under the brand namehempSMART(TM). All ofhempSMART's cannabinoids go through an exacting hydrocarbon extraction process to ensure only the highest quality hemp-based CBD is used in its natural wellness products. MCOA's hempSMART product line includes: the patent-pending product, hempSMART Brain, designed to improve memory and focus; hempSMART full spectrum bioavailable CBD Drops; hempSMART Pain capsules with a blend of premium CBD and botanical supplements; and, hempSMART Pain cream, which combines natural botanicals and full spectrum hemp CBD extract to support joint and muscle wellness.

To develop sales,MCOAcreated a uniquehempSMARTaffiliate network marketing ***program*** with a generous compensation ***plan*** to promote and sell its hemp-based CBD consumer products around the globe. The sales model is a natural fit because product users not only generate sales volume, but also become strong proponents of the benefits ofhempSMART's CBD products, and so become ambassadors for thehempSMARTproducts and brand.

Seizing opportunities in this burgeoning sector,MCOAis expanding into select ancillary areas of the legalized cannabis and hemp industry. With itshempSMART(TM)subsidiary operational and growing, and four other transactions completed in 2017,MCOAis rapidly building a portfolio of diversified investments and joint ventures to grow the company and drive shareholder value.

In July 2017, MCOA completed an investment of $250,000 into MoneyTrac Technology, Inc. ("MTRAC"), a subsidiary ofGlobal Payout, Inc. (GOHE)in exchange for 15% equity position in the company, to help establish MTRAC as an alternative banking solution for the Cannabis industry. MTRAC currently has the ability to integrate and streamline electronic payment processing such as E-wallet, mobile applications, debit cards, and credit cards. Currently, MTRAC has ***strategic*** partnerships with top cannabis services such as GreenRush, BlazeNow, High Grade Management Group, and PotSaver, which was a majority acquisition last October.

In Q1 2017, MCOA entered into a joint venture with Bougainville Ventures, Inc. to construct a 30,000-sq. ft. greenhouse cultivation facility in Oroville, Washington. The facility will accommodate a Tier-3 production and processing I-502 tenant with years of experience in cannabis cultivation. In Q4 of 2017, MCOA completed financing of $800,000 in cash and 15 million shares of the company's common stock to complete the amended terms of the agreement. The delivery of the first pre-designed greenhouse, with full tracking and reporting protocols has arrived and is the first of six greenhouses that will be constructed during Q1 2018 on a total footprint of one acre. This joint venture project is solely for the purpose of cultivation and processing of legal marijuana within the state of Washington only and not beyond its borders. The company will lease the turnkey property to the licensed tenant, thus acting solely as a landlord. The first greenhouse has been purchased and is in the process of being constructed.

In Q3 2017, MCOA and Global Hemp Group, Inc. entered into a joint venture to develop commercial hemp production and processing in New Brunswick, Canada.MCOAand GHG have now completed the first phase of hemp trials, receiving research support from the Collége Communautaire du Nouveau Brunswick (CCNB). MCOA is granted a Right of First Refusal as the primary recipient of any raw materials ***produced*** from the project, which we expect will harvest its first commercial crop of 125 acres in Q4 2018.

At the end of Q4 2017, the company announced an investment of $100,000 for a 25% equity stake in Convenient Hemp Mart, LLC's "BeniHemp" branded products to target convenience stores for CBD product distribution. BeniHemp products will include topicals, tinctures, and edibles conveniently packaged in 1-day, 2-day, and 30-day supplies. The target market is convenience stores, smoke shops, gas stations and similar small retail businesses. The expectation is that there will be a full launch and website online in January 2018.

MCOAhas been operating in the North American cannabis and hemp product development & distribution market for the past three years. With a track record for developing shelf ready products and bringing them to market, in compliance with various US state regulations, we believe the company has the knowledge, skills and management strategies to launch and implement a successful ongoing ***program***. Given MCOA's drive and the vision, it's our opinion that there's little reason to doubt that the company will create a significant footprint in the hemp-based CBD market and a broad range of other legal cannabis endeavors.

PotentialComparables

PotNetwork Holding(OTC: POTN) is a publicly traded company that acts as a holding company for its subsidiaries, First Capital Venture Co., the owner of Diamond CBD, Inc., the maker of Diamond CBD oils. Diamond CBD focuses on the research, development, and multi-national marketing of premium hemp extracts that contain a broad range of cannabinoids and natural hemp derivatives. Diamond CBD's team consists of hemp industry pioneers and natural product experts, chemists, doctors and scientists, dedicated to ***producing*** the finest and purest cannabidiol (CBD) oils.

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Corporate Communications Contact:

NetworkNewsWire (NNW)

New York, New York

[*http://www.NetworkNewsWire.com*](http://www.NetworkNewsWire.com)

+212-418-1217 Office

[*Editor@NetworkNewsWire.com*](mailto:Editor@NetworkNewsWire.com)

Media Contact:

FN Media Group, LLC

[*NNW@FinancialNewsMedia.com*](mailto:NNW@FinancialNewsMedia.com)

+1-(954)345-0611

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Charles Hoch

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**ABSTRACT**

Planners often struggle with the ethical ambiguity of compromise in the preparation of development ***plans***. The ***plans*** they make face the resistance and criticism of powerful economic and political interests competing for status, resources, and authority. What help can ***planning*** scholarship offer to practitioners seeking reassurance and guidance for their efforts to make ***plans*** serving a public good? In this essay, we take a pragmatic approach that avoids the effort to secure a theoretical foundation for moral judgment; and looks instead to the practical arts of compromise seeking common ground. Instead of pursuing ideal rules or principles to guide judgment, we argue that practitioners should look to the ways in which people make ***plans*** to bridge the political challenge between economic competition and social cooperation. Distinguishing the relevance and value of moral goods along a continuum from private to public with the middle ground tied to common goods frames the analysis. Four episodes of groundwater use in northwest India exemplify both the importance of compromise for reconciling the competing moral claims and the significance of pragmatic ***planning*** for making better development ***plans***.

**FULL TEXT**

**Introduction**

In this essay, we study the role of compromise in the making of development ***plans***. Adopting a pragmatist line of thinking, we argue that rather than a moral problem, compromise offers an important moral resource for making future-oriented ***plans*** that seek to anticipate and cope with complex development issues such as those involving environmental and social change. Paying attention to these purposeful, albeit often incremental and gradual, efforts for public improvement offers practical options for social learning that may improve the ***planning*** for complex public goods, such as freshwater and clean air, practitioners routinely deal with.1

Pragmatism rejects the quest for moral perfection whether tied to moral integrity, optimal utility or heroic virtue. In this line of thinking, the modern promise of self-development both as a resource and product of purposeful inquiry and practical experimentation adopts different meanings in disparate circumstances (Unger, 2007). Thus, instead of relying upon moral ideals to guide ***planning***, we argue that practitioners can and should focus upon constructing forms of compromise that improve the provision and allocation of complex goods. The efficacy and meaning of better ***planning***, when seen from this perspective, depends on how well those sharing the consequences of the ***plan*** comprehend, consent, and benefit from inescapable practical tradeoffs.2 The ethical compromise becomes a common horizon that different sorts of people make enabling each to pursue different goals in parallel as they travel together.

Scholars have distilled philosophical approaches to moral thought into three types of moral judgment: rules, consequences, and conduct (MacIntyre, 1990). MacIntyre contends that these arguments about the ethics of cultural identity, legal obligation, and justice focus on transcendent universal norms. The books written about ***planning*** ethics acknowledge these intellectual contours (Thomas, 1994; Wachs, 1985), even as they recognize that practitioners make practical judgments that fall short of ideals. Practical compromise appears a moral failure.3

The pragmatic approach embraces practical reason that combines the cognitive and emotional powers of memory, imagination and feeling to compose ***plans*** sensitive to conduct and consequence; virtue, and purposeful good. This approach does not offer rational generalizations about what to do as rules or principles. Pragmatic rationality treats ***plan*** making as part of the very architecture of judgment. The critical assessment of consequential interaction effects for select combinations of goals and methods among stakeholders makes ensuing compromise more intelligent and ethical (Fesmire, 2003).

Pragmatist ***planning*** weaves compromise into the very fabric of any practical proposal composing, judging and selecting a joint project or action. The meaning of a ‘good’ ***plan*** emerges from the practical efforts among those involved to include the many intentions and interests at play. Instead of imposing rational conventions, norms, and purposes from outside or above, the pragmatist studies how prior conventions and practices unperturbed by the disruptive challenge at hand (e.g., drought, flooding) might be leveraged to construct alternative solutions. The judgment of moral salience flows less from norm fitting or legal compliance and more from involvement with those involved conceiving how combinations of purpose, interest, and practice might resolve the situation so those involve gain security and responsibility. The merits of these proposed efforts combine sensitivity to damaging or complementary consequences for persons and places with prudential consideration of how actors use precedent, causality, context, and circumstance to compose ***plans*** for action (Ansell, 2011).

Instead of handing off moral standards to an external judge or transcendent ego, the pragmatists turn to the practical historical efforts of civilization celebrating efforts to expand the breadth and diversity of membership in communities that support individual development. Here, it is important to note that the invention and adaptation of inclusive social practices and attendant cultural norms has emerged unevenly across different places while the variety, scope, quality, and form of democratic deliberation as a resource for these places remains a work in progress (Bohman and Rehg, 1997; Knight and Johnson, 2011). Individual freedom and flourishing routinely struggle with the powerful constraints of traditional cultural prejudice, capitalist economic excess, nation state political hegemony, and technological instrumentalism—as all these play crucial roles shaping prospects for democratic governance. The pragmatist viewpoint casts the prospect for moral improvement within the complex interaction of these constraints imagining actions that people can do widening the path to freedom within the landscape of inescapable constraint. This makes the practice of critical reform an inherently practical effort that takes shape as historical compromises. But it also elevates the status of ***plan*** making from a blueprint means focused activity to a resource for imagining what improvements might be done, evaluating their consequences and reconsidering the possibilities for meaningful choice and purposeful action together with others in different situations (Unger, 2007). The ***plans*** foster and improve political compromises that advance joint projects and policies that fall between what each party expects and what they can currently accept.4

Instead of conceiving the public interest as aggregate instrumental benefits, which might ensue from a policy or as a form of legal or moral right inspiring and directing policy compliance, the pragmatist focuses on the meaning of consequences or rules for practical judgments about what to do in specific situations. For spatial planners these situations often emerge as breakdowns in conventional habit require attention to the conflict over the use and disposition of common goods. The pragmatist frames these situations attending to the context of social relationships that shape the contours for moral judgment. The sources of suspicion and trust flow from these relations (Graham et al., 2013; Holden and Scerri, 2014).

There exist plenty of nasty social conventions, institutional practices, cultural habits, technological systems, economic inequalities, and political conflicts that undermine social learning and environmentally adaptive change. The complexity of competing values frame every practical judgment people learn to make while imagining and comparing their impact before taking action. The pragmatist outlook casts this effort in functionally adaptive terms that dovetail with the concept of capability introduced by Amartya Sen (1999).5 But how can individuals and communities use these insights for making ***plans*** that both tackle social complexity and foster common good?

Instead of using moral ideals to guide ***planning***, pragmatists argue that people can and do construct compromises as they imagine how to provide and allocate complex public goods (Margalit, 2010). The efficacy and meaning of development ***plans***, in this line of thinking, depends on how well those sharing the consequences of the ***plan*** comprehend, consent, and benefit from inescapable practical tradeoffs.6 Compromise describes the practical moral horizon people reach as they make ***plans*** for the future together. Compromise combines a good act (cooperating on one goal) and a bad act (subverting another goal). But if the good for some promotes enslavement, subjection, exploitation and other nasty consequences for the others then the compromise is rotten (Margalit, 2010). In contrast, good compromises fit strategy to local conditions balancing consequences among current and future parties. The threshold for good compromises falls along a continuum of moral judgment. The meaning of the consequences changes as natural and cultural conditions change. Pragmatists believe that adopting democratic practices improves the quality of political compromises for public goods better than other institutional arrangements (Hoch, 2002, 2007; Innes and Booher, 2010; Knight and Johnson, 2011).

The contrast between public and private good, however, tends to dominate moral debate about ***planning***. But most of the goods that spatial ***planning*** addresses fall in between—or what we generally call common goods. That people and their institutions may deplete common goods need not be a tragedy (Hardin, 1968). Systematic study of historical examples of common pool resources such as fisheries, irrigation, and forests has uncovered different forms of adaptive governance that seek to balance use and recovery (Dietz et al., 2003). Elinor Ostrom (1990), for example, argues that experimentation among users foster learning that adjusts strategy to ***produce*** increasingly adaptive compromises balancing rules and trust. Trust provides a threshold of assurance for members to voluntarily adjust their ***plans*** for resource use and so coordinate successfully with others. Extensive research has sympathetically and critically studied such efforts for individual cases and systematic comparisons of cases across the world (e.g., Agrawal et al., 2013)

Informed both by trust and a ***plan*** (even if tacit, spontaneous or provisional), such collaborations work as each coordinates use fairly and competently. The combination of knowledge and solidarity tied together in coordinated ***plans*** for future use aims to avoid the tragedy of depletion. Collaboration emerges as a ***strategic*** resource giving purpose to the underlying reciprocity (Fung, 2007; Goldstein and Butler, 2009; Unger, 2007). The practical compromises combine moral, political, and technical features that improve practical ***plans*** used to coordinate and modify resource use (Schwartz and Sharpe, 2005).

The provision of complex common goods among cooperating individuals and communities requires social, economic, and political coordination as those cooperating usually take steps to monitor and manage use (Agrawal and Chhatre, 2006; Chhatre and Agrawal, 2009). Bouamrane et al. (2016) put this succinctly in their conclusion about biodiversity ***planning*** in western Africa: Dialogue and coordination in a biosphere reserve should make it possible to reach a compromise between those who wish to conserve the resources and those who live off them, making it possible to ensure the future and find a shared focus based on a sustainable development objective.Knowing how to choose the proper kind of practice to fit the common good problem requires practical wisdom and prudence. Additionally, external ecological, market, government, and demographic or technological changes can disrupt sustained cooperative use of a finite collective good. The moral quality of the ***plans*** and their legacy on this account will rarely reach the threshold of moral perfection (just, efficient or beautiful) but offer up compromises among those using the common good and other external changes (Deyle and Schively Slotterback, 2009; Kamm, 2007).

In the narrative below, we use these insights to interpret how gradually changing conceptions of ***planning*** influenced the historical interplay between public and private power for the provision of water in the dry and arid landscape of northwest India over more than a century. Focusing on four historical episodes shaped by different ***planning*** contexts, we offer a segmented developmental tale of moral and political conflict in the practical efforts to ***plan*** for the provision and protection of scarce water resources. We avoid using the vocabularies of power because these routinely treat ***plans*** as tools for subjection missing how ***plans*** enable people to anticipate and prepare for future actions. They detail how exploitation, domination, and subjection constrain and shape how people live and work, but they rarely offer practical advice about what these people can do that might reduce and remedy their suffering. We do not believe that the varieties of repression so well documented permanently and completely dominate nor do people uniformly subject themselves. People everywhere cope with the messy uncertainties generated in the places each inhabit. The pragmatist focuses on how people make ***plans*** to guide the actions they take together to try and resolve these problems.

The following section discusses each episode’s distinct sector, ***plan***, and strategy that we use to frame the account of how compromise emerged along a different moral continuum. The pragmatist analysis provides a plausible interpretation of changes in the mix of ***plan***, sector, and strategy tied to improvements in the political and moral compromises guiding water provisioning and use. We then conclude by summarizing the importance of compromise for making better development ***plans***.

***Planning* for water in northwest India**

Constituting one of the World’s largest irrigation systems (Government of India (GOI), 2005), the rapidly expanding array of more than 6 million (and many more undocumented) mechanized wells and tube wells of northwest India represent a remarkable human endeavor illustrating many concerns of the twentieth-century development ***planning*** movement: general public welfare, poverty alleviation, famine mitigation, peasant empowerment, sustainable use of natural resources and more. In the following four ***planning*** episodes, we describe how the changing conceptions of groundwater as a public, private and common good not only entailed complex social and institutional involvement of many actors over many decades but, similar to much ***planning*** work, also involved ethical compromise in the ***plans*** for water provision and use.

**Episode 1—Colonial compromise: Extraction/innovation**

Although South Asia has historically comprised one of the most densely populated regions of the World, many ***agricultural*** lands went unclaimed until about 150 years ago (Shah, 2009). Given the region’s distinct monsoonal climate, characterized by either heavy rains or dry months, this was no surprise because peasants preferred to settle upon the hydraulically most opportune sites for stable and productive ***agriculture***. Vital for survival, cooperation between individuals, households, and communities characterized the overall pattern of water storage and use before the rise of British colonial enterprise in the eighteenth-century (Sutcliffe et al., 2011).

Using “colonial forms of knowledge,” like the various kinds of survey and census that made the colonized country and its people intelligible to the rulers (Cohn, 1996), the imperial British recognized and quickly seized upon the potential opportunity to expand the cultivable area. Starting as early as the 1830s, the colonial land development policy began to mobilize state legitimacy, resources, and the new discipline of engineering for building a public irrigation system across the arid parts of northwest India (Whitcombe, 2005). The target area comprised parts of British provinces of Punjab and Sindh and the modern Indian states of Haryana and Rajasthan, traditionally home to a pastoralist society and associated forms of living. Since most of the arid zone was uninhabited, all unclaimed land was simply taken over as Crown waste and, after the development of irrigation system, auctioned in large blocks or sold as family farms against the project cost and accrued interest (Darley, 1941).

The shrewdly conceptualized irrigation scheme exemplified the notion of “constructive imperialism,” which according to SB Saul, a leading scholar of colonialism’s economic history, meant careful ***planning*** and building of large-scale infrastructure projects with profound monetary implications for the colonial empire (Saul, 1957). The imperial irrigation undertaking, for example, encompassed a comprehensively ***planned*** and spatially integrated network of downstream canals and strategically located barrages on Himalayan-fed perennial rivers. Employing cutting-edge irrigation technology, these diligently located projects were constructed with an explicit aim to enhance the cultivable area and extractable surplus because various forms of taxes upon the land and its ***produce*** provided a sizable and steady stream of revenue for the British Raj. The centralized project involved developing regional-scale land-uses incubating the emergent ***agricultural*** economy as well as the building of new settlements or the so-called *Mandi towns* that also served as tax collection points (Gidwani, 2002). These central places housed services, amenities, and markets for labor, implements and ***produce*** for the peasant-proprietors, many of whom migrated from populated areas further north and were allowed to pay for newly opened farms in easy installments as they earned money from the land (Gidwani, 2002).

In this respect, the centralized water system provision instituted a grand land development compromise, arranged and superintended by the colonial state, combining (the good act of) technological innovation that enhanced the cultivable area, landownership, employment opportunities and food production and (the bad act of) extracting extra revenue and—since it was a colonial project—ultimately, most of the available surplus. Important to note that the colonial compromise combining innovation and extraction played out along the moral continuum of liberation and subjection, where the erstwhile landless peasants acquired property and relatively secure livelihoods even as they were exposed to new forms of colonial subjection.

But the opening of new farmlands and the exciting combination of lush greenery and steadily flowing fresh water, which stood further out in contrast against the desolate backdrop of parched landscape and unpredictable monsoons, quickly buoyed the system’s popularity among the peasants and the landlords alike. Witnessing the tangible developments firsthand, even customarily old-fashioned princely states with dry climatic conditions like Muslim ruled Bahawalpur in southern Punjab and Hindu dominated Bikaner in the adjoining region of northwest Rajasthan set aside historically fraught relations and begin to collaborate in order to expand the irrigation canals through their territories by the early twentieth century.7 Little surprise then, by the time the colonists were preparing to leave in the mid 1940s, the irrigation boom had increased the canal irrigated land use in India from practically nothing to over 15.2 million hectares with Punjab and United Provinces commanding a major share (Bagchi, 1995).

Despite the imperial imperatives of colonial rule and the command focused ***planning***, the large scale engineering used for the irrigation projects demonstrated the powerful role science could play taming the bank-bursting rivers and barren lands together and so deliver public improvement on a massive scale (Shah, 2009: 14). The engineering efficacy and impressive achievements of state-sponsored regional-scale master ***planning*** survived the empire’s end and dominated irrigation thinking in the states of India and Pakistan that succeeded British India in 1947.

**Episode 2—Nation building public sector: probity/fairness compromise**

With the bulk of colonial irrigation system going to Pakistan after the partition of British Raj, the independent Indian state adopted the policy of building a string of irrigation projects in quick succession (Briscoe and Malik, 2007). These centrally ***planned*** public sector projects ranged from sizable but locally oriented schemes such as the augmentation and expansion of a canal network through the desert districts of northwest Rajasthan (popularly known as Indira Gandhi Canal Project). At the other end of the spectrum, these included multipurpose river valley development schemes targeting integrated regional improvement like the Bhakra-Nangal project in Eastern Punjab, which sought to simultaneously control floods, provide irrigation, generate power and catalyze industrial development—along the lines of its role model the Tennessee Valley Authority (TVA).

These “top-down” initiatives played a key role in the larger project of nation building and spanned many domains of India’s economic policy. Prime Minister Jawahar Lal Nehru, for instance, famously declared mighty dams like the Bhakra-Nangal as the “temples of modern India” (Guha, 2008). Indeed, more than 90 percent of public investments in ***agriculture*** during the first 40 years of India’s independence were devoted to building government sponsored dams and canals that continued to expand the cultivable area (Kishore, 2002 cited in Shah, 2009). The state’s affirmative policy of allotting these new farmlands to deprived social groups, like landless peasants, marginal farm workers, and partition refugees that had migrated to India leaving their properties behind in what was now Pakistan, spread land ownership and prosperity beyond the traditional landholding groups such as the high caste *Zamindars* or hereditary aristocrats (Kishore, 2002).

More importantly, and despite its often-forgotten imperial origins, northwest India’s irrigation system engendered a lasting influence and enduring public significance. This is perhaps most evident in one of the rare compromises, the so-called Indus Water Treaty brokered by the World Bank in 1960 for sharing the river waters, that the neighboring Pakistan and India have assiduously upheld. Notwithstanding the rather acrimonious relations between the two states, the steady compromise ensures secure water flows in the colonial and postcolonial canals on both sides of the heavily militarized border even today. When seen from this perspective, the post-independence irrigation ***plans*** not only built on the colonial compromise of extraction and ***agricultural*** innovation but also added a layer of mutual interdependence between the two sparring states along with the legitimacy of irrigating arid lands for an increasingly prosperous farming constituency that benefitted from the technological innovations on both sides of the border.

However, the situation in northwest India began to change from the 1960s due to several reasons. First, the transition from the extraction-oriented colonial regime, which relied on the threat of force to assure predictable income streams, to welfare-oriented governments, which relied on a complex hierarchy of rent seeking bureaucrats to collect irrigation levies and maintain public canals, proved strenuous (Bhatia, 1991). Second, the irrigation infrastructure began to fall into disrepair due to the poor state of government finances, expanding budget deficits, and the rise of populist policies from the late 1960s (Frankel, 2009). Growing environmental awareness added to these factors as policy support for large dams and canals gradually diminished. Finally, mechanized pumps and tube wells (collectively called water extraction mechanisms (WEMs) henceforth) began to gain popularity reducing reliance on centralized water provision (Acciavatti, 2015).8

After almost a two decade-long hiatus, as straggling investment slowed down the development of public irrigation between the two great wars (Roy, 2007), many Indian states setup public corporations to realize the potential of irrigation using WEMs. Some received external aid from the Netherlands and the World Bank (Pant, 1991). The prototypical model pioneered by the United Provinces in the 1950s had state employees managing both the large capacity government-owned tube wells and the water distribution system. Besides assuring water supply using public tube wells, the model ***program*** promoted equitable access to irrigation flow (especially for farms farthest from the canals), reductions in secondary salinity (often caused by canal irrigation in areas without adequate drainage) and wide spread use of WMEs among farmers (Shah, 2009).

In this respect, the post-independence ***plans*** for expansion of public irrigation and tube well ***programs*** adopted and improved the lopsided colonial compromise (extraction/innovation) into a progressive compromise between what good bureaucrats might do (probity) and what joint resource use required (fair).9 Here, the policy focus shifted from investing in effective exploitation to assuring efficient provision and fair distribution of groundwater positioned as a public good. As long as state officials possessed adequate funds and confidence in future development ***plans*** they acted with probity enabling participating farmers to each improve their economic prosperity in a manner fair to compatriot farmers. Combining the (good act of) progressive development and the (bad act of) centralized control over local water resources, the probity/fairness compromise was, however, predicated upon serious and sustained state ***intervention***.

For example, in the state of Rajasthan, which was formed by the amalgamation of 19 princely states with very different histories and cultural practices, the postcolonial state took over the control of all water resources including groundwater from local institutions that had customarily managed and maintained them over time (Birkenholtz, 2008, 2009). Even if this decision was largely notional in nature, since the state lacked resources and administrative reach to control local water sources on the actual ground, the act clearly illustrated the moral continuum, spanning the ideal of progressive development at one end and the postcolonial state’s ambition to exercise dominant control over the modalities of development at the other end, that underpinned the probity/fairness compromise.

Moreover, given the small size of family farms and capital-intensive nature of the operation, the public irrigation and tube well ***programs*** required heavy state subsidy (Shah, 2009). As fiscal aspects of the state budget weakened through the 1970s, government revenue fragmentation and institutional weakness intensified rent seeking among bureaucrats, some of who began to sacrifice integrity in order to assure their own economic welfare (Pant, 1994). The good compromise was spoiled as illicit diversion and unauthorized extraction of public water supply threatened farmer prosperity and future growth. Additionally, the politicization of water distribution, unreliability of power supply and reductions in maintenance, especially in the remote areas of far-flung districts (districts are political divisions of Indian states, akin to a county in the US), spoiled the progressive compromise (Pant, 1994). Private tube well owners subsequently gained importance from the 1970s as they began to fill the emergent gap in the water demand-supply chain by selling irrigation services to neighboring farms.

**Episode 3—Private sector provision: Reciprocity/Autonomy compromise**

The increasing availability of efficient and affordable technology, such as the cheap and reliable water pumps and localized drilling rigs, from the 1970s helped pave the way for a system of privately owned WEMs. The provision and distribution of well water by farmers for farmers sidestepped state control. The system enabled cultivation of lands in arid regions and outlying areas beyond the reach of irrigation infrastructure. For the first time, these peasants were not dependent on the vagaries of monsoon, and could use electric or diesel pumps to lift water from boreholes, open wells, rivers, ponds, or even ditches to water their crops. A growing number of small famers added millions of hectares of productive farmland at modest expense. According to official estimates in 1998, 82 million cultivator households in India owned at least 21.3 million WEMs, 120 times more than the estimated 200,000 that they owned in 1960, with crucial implications for the political economy of the ***agriculture*** sector (Shah, 2009: 33).

For instance, after about 200 years of supply-driven irrigation expansion, irrigation management had by the 1990s become a market sensitive coordination scheme (Shah, 2009). This was important because even in the relatively predictable canal-fed areas, farmers had to wait for water to be released from barrages at the bequest of elected politicians and state bureaucrats. In the decentralized system water could be purchased and applied as crops needed it. In the arid and the semiarid parts of northwest India, especially those not served by the canals, tube well irrigation became the mainstay of smallholder ***agriculture***. Paying the price was worth the assurance of predictable delivery. The small landholders avoided dependence on the government officials, thus improving their autonomy while the state agencies reciprocated the ensuing increase in food production by discreetly overlooking the use of a public good for private purpose.

When seen from this perspective, the farmers tapped the underlying aquifers as a private good shifting the terms of the compromise from tradeoffs in probity and fairness to reciprocity and autonomy. This new compromise, combining the (good act of) farmers’ autonomy with the (bad act of) officials’ tacit reciprocity, emerged along a moral continuum which, at the one end, was pivoted by the promising prospect of enhanced food production and, at the other end, by the potentially unchecked exploitation of a public good for private purpose. Not surprisingly, many small landholders expanded irrigation increasing gross irrigated land threefold in 30 years, much more quickly than the government system had done in the previous 150 years (Shah, 2009: 34).

This was a profound change compared to the pre-colonial period when cooperation at the community level was the dominant irrigation institution (Sutcliffe et al., 2011). Taking care of common water resources ensured the availability of water for diverse social and economic groups through the dry months and unpredictable droughts that could last several years. Then, as explained earlier, collaboration between the colonial state and the engineering profession had advanced irrigation development with the postcolonial state continuing many of the same practices. Tushar Shah (2009) identifies the post 1970 period as the new era of “atomistic irrigation” characterized by the ubiquity of small pumps and tube wells in which the public officials and government engineers became passive onlookers while the millions of private individuals each with his own tiny captive irrigation system, ostensibly unconnected with the rest, became the managers of irrigation.

Positive changes in household incomes and village economies attracted political interest and a range of subsidies for the development of new wells and provision of cheap energy. Enhancing farmers’ access to groundwater irrigation became an important feature of India’s poverty reduction policies and ***programs*** (Pant, 1991). The shift to groundwater also played well with farmers’ attempts to increase land productivity as India’s population growth incentivized continuing investment in boreholes and pumps. The intensification of ***agriculture*** in turn helped absorb surplus labor while permitting a higher frequency of land use (Pant, 1991).

Working in tandem with better quality seeds and fertilizers (or the so-called ‘green revolution’) and the ever-increasing capability to dig deeper, private control over groundwater helped the grain importing country became food surplus within the short span of last quarter of the twentieth-century. But the aggregate effect of unconstrained individual pumping began to deplete shared aquifers and threaten future sustainability of the hard won gains (Gopinath, 2013). The threat to the commons asserted itself along with the growing reliance on environmental exploitation enabling private gains from a shared good. When seen from this perspective, the widespread and relentless exploitation of finite groundwater not only endangered the autonomy/reciprocity compromise but also threatened to turn it into a rotten one; promoting deprivation, subjection, and other nasty consequences for the general public poised to face the brunt of worsening situation.

**Episode 4—Coordinating the commons: Interdependence/Sharing compromise**

While there is little doubt that the increasing availability of groundwater enhanced public welfare and individual prosperity, it also boosted the pressure on aquifers as several parts of northwest India began to draw unsustainable amounts of groundwater. A recent hydrogeological study, for example, estimated that groundwater development had reached alarmingly high figures exceeding 100% in the states of Delhi (170%), Haryana (109%), Punjab (145%), and Rajasthan (125%) which meant that the average annual groundwater consumption is that much greater than the average annual groundwater availability (Kumar et al., 2003).10 Complicating the situation further, aquifer depletion is concentrated in many of the most populated and economically productive areas.11

A diverse range of factors including an ever-increasing demand, growing public concerns about environmental issues and many informal and subversive practices at play, supported the emergence of a new moral continuum spanning sustenance or depletion of the finite groundwater at the two ends. Some community-based organizations took initiative trying to adopt and improve the autonomy/reciprocity compromise into a progressive compromise between what good compatriots do (share) and what joint resource use should rightly acknowledge and embrace (interdependence) in order to promote the sustainable use of groundwater.12

*Gram Vikas Navyuvak Mandal Laporiya* or Village Development New Youth Council (GVNML), an award-winning NGO based at village Laporiya in the state of Rajasthan, for instance, has done innovative policy and ***planning*** work promoting and sustaining the interdependence/sharing compromise. On the one hand, it has identified and rejuvenated dormant watershed-oriented systems and practices that local communities had traditionally used and jointly sustained for centuries before state and market-focused frameworks displaced the customary perception of water as a common good. On the other hand, organized and led by Laporiya residents, GVNML has focused upon improving local water storage and consumption practices that improve the balance between private appropriation and shared use of a common good (Ashoka, 2006).

The founder of GVNML is around 60 years old Laxman Singh Laporiya (LSS hereafter), a high school dropout and a non-English speaking local elite born, raised and based in village Laporiya about 90 kilometers south of Jaipur. The area is dry, perched on the edge of the Thar dessert that occupies the northwest part of India. Over the course of a lifetime spent ***planning*** and pursuing watershed management on a micro scale, LSS and his organization has transformed the landscape of a 50 kilometer long and about six kilometers wide stretch, bounded along the edges by a ridge and a seasonal rivulet. In sharp contrast with the parched and desolate settings of the surrounding area, his village and many adjacent ones where GVNML has worked, stand out as an oasis marked by enhanced ***agriculture*** productivity and rising incomes (Ashoka, 2006).

Three aspects of GVNML’s ***planning*** work centered upon promoting the interdependence/sharing compromise stand out.13 First, the overall ***planning*** approach aims at substituting the state-centered water system with a clever and pragmatic combination of new egalitarian ideas and elements from the past with a marked sensitivity for social conventions and cultural practices around water issues. For instance, LSS first began by leveraging the combination of the modern idea of non-profit civic organization (NGO) and the public legitimacy of his own elite background in order to promote the GVNML. Placing the local-lifestyle center stage, the GVNML then gradually started putting together a collaborative water management system that relies upon jointly catching, storing, and sharing the seasonal rainfall of unpredictable monsoons for a variety of local uses like farming, dairying, and household consumption.

Not surprisingly, use of context-specific knowledge about crop patterns, watershed flow, and traditional rainwater harvesting techniques typify the ***plans*** made by GVNML’s members. These are mostly private farmers who coordinate, limit, and police water use while working with the state and other NGOs to support larger scale recharge and conservation efforts. Institutionalizing the compromise between the yield of each farmer and the sustainability of the common resource required that individuals trust each other and voluntarily surrender some autonomy altering their personal ***plans*** to fit shared constraints fostering a sharing/interdependence compromise.

Second, deftly deploying the command over local languages and familiarity with social practices, GVNML uses local idioms and cultural symbols both to communicate with fellow villagers and foster collective thinking through complex ideas about social solidarity and technical issues like topography, hydrology, and water recharge. For example, employing the local cultural practice of *shramdan* (a Sanskrit word describing voluntary labor for civic purpose in which one member from Laporiya’s each beneficiary household typically participates) and the mapping of contours and water flows through rudimentary tools like a ‘water-level’ concocted with a simple plastic tube and two wood planks, which many villagers can easily use, is central to GVNML’s work. Similarly, GVNML’s built projects build upon relationships and interdependencies between diverse social and occupational groups like farmers, herders, and households that share these resources. In this respect, GVNML’s ***planning*** approach is neither teleological nor driven by a linear view of development or betterment, but built around a pragmatic combination of elements both from the past and the contemporary local context derived through collaborative back-and-forth discussions among the many ***planning*** actors.14

Finally, GVNML’s ***planning*** work is sensitive to both the context and scale of the project at hand. Examples include trenching for individual farms (or the so-called *chauka* system that entails digging box trenches to facilitate rainwater percolation in a specific field), a shared small pond or an Anicut (small check dam) or a dug well—depending upon the topography—serving a group of farms, followed by large ponds for village-level needs that overflow during monsoon into smaller ponds reserved for auxiliary purposes. This was often not easy because it required beneficiaries to surrender private lands and contribute voluntary labor for building these communally owned projects. State water officials routinely felt excluded and, frequently impeded progress, as villagers and their organizations began to exercise control over water.15 But, perhaps most importantly, many obstacles gradually melted away as these disparate projects began to collectively recharge Laporiya’s underground aquifers ensuring water availability even during a drought year. A similar ***planning*** approach pursued in neighboring villages, carefully conceived to suit particular needs of each participating individual and community but cumulatively improving the entire region, ensured that different ***planning*** efforts came together feeding the entire hydraulic system and not wasted in isolation.16

Witnessing the shared commitment firsthand, which cuts across long existing social and economic divides in Laporiya, makes it clear that few human demands have a universal reach matching the need for freshwater. Residents’ shared need and appreciation for this common good, therefore, fuels a diverse range of ancillary collaborations, which sustain the interdependence/sharing compromise in important ways, by fostering locally-conceptualized ***planning*** efforts for secure water supply in the arid region. Important to note that, just like the other compromises described in previous episodes, the durability of sharing/interdependence compromise remains contingent on a range of contextual factors including the continuation of current natural and cultural conditions, willingness of those involved to collaborate and continuing adaption of strategy to fit the local conditions balancing consequences among current and future parties.

Among other things, the efficacy and meaning of GVNML’s work also underscores how policy-makers and local communities anticipate and tackle India’s deteriorating groundwater situation will ultimately depend upon how well those sharing the consequences of their future-oriented purposeful actions (or spatial ***plans***) comprehend, consent, and benefit as they coordinate shared tradeoffs that keep their common water resources intact. This brings up a suitable point to recapitulate the compromises around water provisioning in the four episodes described above.

Table 1 summarizes the differences in key features of each historical episode. Reading across the rows describes the milieu of ***planning*** effort (sector), nature of ***planning*** effort (***plan***), adopted approach (strategy), form of compromise, and the moral continuum at play in each episode. We derive these categories from a combination of our reading of the four episodes of water ***planning*** described previously as well as pragmatic scholarship, which argues that, instead of using moral ideals to guide ***planning***, planners should pay attention to the manner in which ***plan***-makers construct compromises as they imagine how to provide and allocate complex public goods like water. Table 1.A summary analysis of compromise for each historical episode.

| **Episode** | **Sector** | ***Plan*** | **Strategy** | **Compromise** | **Moral continuum** |
| --- | --- | --- | --- | --- | --- |
| Colonial compromise | Colonial | One external | Command | Extract + Innovate | Liberate/Subject |
| Nation-building public sector | Public | One central | Invest | Probity + Fairness | Develop/Dominate |
| Private sector provision | Private | Many compete | Exchange | Reciprocity + Autonomy | Enable/Exploit |
| Coordinating the commons | Common | Many allied | Coordinate | Interdependent + Share | Sustain/Deplete |

Juxtaposing key features of the four historical episodes together helps highlight the changing nature yet constant occurrence of compromise across different kind of ***planning*** efforts that took place over a century-long period. The pragmatist analysis below provides a plausible interpretation of how changes in the mix of sector, ***plan***, and strategy tied to segmented improvements in the compromises guiding water provisioning and use. This mode of analysis also helps us frame the account of how compromise emerged along a different moral continuum in each episode and how the attempts to ***plan*** and compromise shifted according to changing circumstances and shifting moral considerations.

**Discussion**

In this section, we analyze the four episodes of water ***planning*** compromise, summarized in Table 1, distinguishing how the ***plans*** adopted strategies that relied upon moral compromise. Important to note that the compromises that developed were not uniformly pursued in any of the cases. Our analysis is, however, predicated on the belief that participants learned from prior efforts and that the meaning of these compromises shifted in response to new moral conceptions of the public interest or common good.

The conception of one central ***plan***, pursued through the chain of colonial command, dovetailed with the focus of the colonial system. Seeking ever-greater extractions, the colonists introduced modern engineering and organizational innovation and subjected vast numbers of people to the demands of modern. On the one hand, the increasing scale and scope of water provision and opening up of new farmlands liberated some peasants, for instance, from local forms of oppression such as debt bondage and forced labor intimately associated with the feudal order prevalent in northwest India while generating enhanced economic opportunities for ancillary trades and businesses. On the other hand, the colonial regime subjected these peasants to new forms of state control and taxation. When seen from this perspective, the innovation/extraction compromise emerged along the liberation/subjection continuum that also underpinned similar developments in other walks of life in colonial India such as the dissemination of English-medium education and the introduction of capitalist mode of production.

The ***planning*** context changed, when the postcolonial state adopted the idea of public development oriented centralized ***planning*** as the prototypical approach for building the new nation while positioning itself in the driving seat (Khilnani, 1999). The underlying develop/dominate moral continuum permeated the thinking of Nehruvian India across various domains such as economic ***planning*** (e.g., ***planning*** commission’s five-year ***plans***) and city ***planning*** (e.g., state-centered comprehensive master ***plans***). Among other factors such as sustained state support and continuing public investment, the adopted approach relied equally upon the probity of state officials as well as fairness on the part of citizens, both of which Nehruvian elites perceived as critical ingredients for building the new nation (Khilnani, 1999).

Centralized ***plans*** did prove useful for pursuing some objectives such as national integration and security, but more problematic when bureaucratic experts sought to ***plan*** for regional and local infrastructure in remote and outlying areas (Frankel, 2009). The practical efficacy of expertise solving problems and alleviating need was further undermined by the imposition of centralized bureaucracy, overreliance on the central state and several unanticipated developments through out the 1960s. These included wars with China in 1962 and with Pakistan in 1965, Nehru’s death in 1964, and the failed monsoons of 1966 and 1967—that resulted in food shortages, a balance of payments crisis, the devaluation of the rupee, and runaway inflation (Frankel, 2009).

Deteriorating state finances combined with persistence of established social inequalities and inherent cultural complexities soon began to jeopardize the probity/fairness compromise as various forms of corruption undermined the pursuit of public good and the promise of all around development (Gupta, 2012). For instance, as the central funds for local irrigation ***plans*** began to dry up, many state officials and farmers took to safeguarding personal interest even as the officials acting with probity in following the ***plan*** learned the limits of centralized expertise in delivering water to remote villages and outlying individual farms (Pant, 1991).

The mix of sector, ***plan***, and strategy changed with the emergence of private ***plans*** for water provisioning and use. Inadequate state capacity to deliver and growing demands for irrigation along with the easy availability of drillings rigs and efficient pumps supported the emergence of a moral continuum comprising enable and exploit at the two ends. On the one hand, private ***planning*** for water not only enabled a growing number of farmers to irrigate their own fields per need, and sale surplus water to needy neighbors, but also opened up the possibility that the mobilization of private investment would lead to social improvements. On the other hand, the prospect of unchecked pumping by millions of farmers increased the possibility of over exploiting a finite resource. Moreover, large landowners and investors could, and often, exploit marginal farmers while enjoying the protection of state officials (Shah, 2009).

As many private ***plans*** funded by a multitude of individuals began to compete with a central irrigation ***plan*** attracting must less public investment than required, the terms of compromise changed from probity/fairness to autonomy/reciprocity. The state not only turned toward supporting farmers’ newfound autonomy to control their own water supply by, for example, subsidizing the supply of energy and purchase of pumps but also reciprocated the subsequent increase in ***agriculture*** production by overlooking the private exploitation and sale of a public good. Even as many small farmers prospered on the back of enhanced productivity while others entered into business enterprises that offered mutually beneficial economic exchange and social outcomes, relentless exploitation of a finite source soon began to threaten the incipient prosperity.

India’s growing population, ever-increasing demand for freshwater and increasing public concerns about diminishing water supply then supported the emergence of a new moral continuum spanning sustenance or depletion of the finite groundwater at the two ends. Against the background of ongoing groundwater depletion in many parts of the country, the final episode focused upon describing how a community-based organization has taken initiative trying to adopt and improve the autonomy/reciprocity compromise into a progressive compromise encouraging sharing/interdependence in order to promote the sustainable use of groundwater. Such a shift tied closely to attendant changes in the mix of sector, ***plan***, and strategy in significant ways.

For example, the sectoral focus changed, from the perception of water as a public/private good, to the intermediate sector of common goods. This change not only required coordination among many disparate ***plans***, which needed to be allied and reoriented toward the common cause, but also mutual trust and voluntary surrender of individual autonomy over water provisioning and use. The growing recognition of inescapable interdependency among users of shared water resources motivated village planners to study the regional watershed and organize the complex allocation of water in minute detail. Using practical wisdom and prudence, informed by local needs and cultural preferences, the adopted strategy entailed working closely at various spatial scales ranging from individual farms to the settlement’s collective water need.

Such a practical approach weaved the notion of compromise into the very fabric of any ***planning*** proposal composing, judging and selecting a joint project or collective action. It also elevated the status of ***plan*** making from a blueprint focused activity to a resource for imagining what improvements might be done, discussing and evaluating their consequences and reconsidering the possibilities for meaningful choice and purposeful action together with others in different situations. The judgment of moral salience flew less from norm fitting or statutory compliance and more from involvement with those involved conceiving how combinations of purpose, interest, and practice might resolve the situation so those involve gain security and responsibility. Although not composed as formal ***plans***, many of these collaborative yet provisional ***planning*** efforts fostered and improved sharing/interdependence compromise, while advancing joint projects and policies that generally fell between what each party expected and what they were likely to accept.

On the one hand, the devolution of state authority and control over water to those shaping local infrastructure and land use may still bring about resource depletion: a rotten compromise. But, on the other hand, diverse practical ***plans*** for shared reciprocity continue to offer decent compromises and incremental improvements in the face of pressing climate change and growing human population in the case of village Laporiya.

**Conclusion**

As shown in this essay, institutions concerning common goods like groundwater are usually shaped by multitude of adjustments across increments of time informed by monitoring, feedback, and adaptation influenced by the behavior of others in response to ***plan*** related rules, sanctions, and innovations.

In the context of liberal societies, provisional ***plans*** may fail to achieve ambitious goals and yet still offer incremental improvements and practical hope for the improved allocation (more efficient, just & sustainable) of a complex common good. The deployment of practices that rely upon increased trust and reciprocity improves the prospects for more deliberate and legitimate ***plans***. The ***plans*** we described do not simply justify the judgments people make, but help people conceive and compare the meaning of future imagined effects. Justification flows from the prudential assessment of these consequences among those holding competing purposes and interests; as well as those witnessing these efforts (Hoch, 2002; Holden and Scerri, 2014; Innes and Booher, 2004).

The story of water provision and use in this respect show how some users have moved from state sponsored ***plans*** for water distribution toward a self-governing ecological model; one that focuses less exclusively on individual competitive gains and more on cumulative individual adjustment. We characterize these shifts as compromises formed over time that combined competition, conversation, and coordination—a mix of reciprocity and coercion.

Consider the continuum between moral horizons and ethical thresholds. The professional associations for ***planning*** create detailed codes about thresholds for ethical conduct and vague musings about the moral horizon (AICP Code; RTPI Code). The leadership expects most members to be morally decent, but recognize that only a few will be heroic. This distinction proves challenging however for ***planning*** practice. As professionals offer advice about what options to consider anticipating and preparing for the future they look to the horizon. This practical imaginative work often requires crossing many moral and political thresholds tied to social customs and cultural beliefs that rarely converge, but require sustained political effort to come together. The practical potential for change takes place in the middle range between threshold and horizon (Graham et al., 2013; Verma, 2009).

The politics of ***planning***, in this sense, does not require that planners engage directly in the political work done by community organizers, elected officials, administrative executive officers, political activists, lobbyists, and common good users. However, it does require that planners attend to the practical nexus of social and political differences attending to different moral claims shaping different ***plans*** as well as the moral practices shaping the conduct of ***plan*** making. This means that planners will make compromises. When seen using the practical continuity of the compromise continuum, splitting the difference, scratching backs, rolling logs, and the other euphemisms describing political deal making represent both moral accomplishments as well as moral failures. Idealistic or cynical ***plans*** that fall at the extremes may justify the dreams of those who make them, but they tend to abstract from practical problems rooted in social and spatial complexities that accompany human settlements everywhere. As we have shown, ***plans*** that propose compromise attend to these details offering practical advice usually with mixed moral results. A pragmatist outlook evaluates the merits of such advice within the context of the evolving historical situation, but does so searching for incremental progress.

**Notes**

1Literature documents a litany of perverse uses of ***planning*** by oppressive states and diverse vested interests competing for status, resources, and authority. We recognize that scholars have critiqued such kinds of ***planning*** from many positions and perspectives but posit that, if done judiciously, ***planning*** also helps improve the quality of human life. In line with this thinking, we focus upon practical ***planning*** efforts centered upon improving access to the basic universal human need of freshwater in this essay.; 2The social welfare principle informed by utilitarian moral ideas envision a calculus that can aggregate the diversity of purpose and interest that center in common goods like roadway placement, groundwater use, or congestion relief. But complex interactions among spatial, political, and social differences can often make such rational abstraction perverse. Collaboration and coordination may be settled though a market pricing system, but planners often face challenges where purposeful deliberate coordination need be done.; 3The pragmatic approach combines an Aristotelian attention to virtue with a developmental naturalism. Aristotle recognized that sound ethical judgment integrates competing virtues to address the ambiguity, conflict, and relevance of practical demands in a specific situation (Schwartz and Sharpe, 2005). The conduct of practical wisdom contrasts with utilitarian practical intelligence. Intelligence fits ends to means while wisdom reconciles differences in purpose and method. Much social science evaluation uses clever methods to assess the impact of social norms or individual preferences for global or aggregate measures of satisfaction or happiness (Abbott, 2000). However, these studies abstract from crucial temporal and contextual relationships crucial for ***planning***. The talk of modernist moral failure usually includes the foolish deployment of a clever utilitarian analysis like net benefit analysis for some huge engineering project (Flyvbjerg, 2005; Hall, 1982). The pragmatist does not reject using a utilitarian calculus, but limits the use for predictable social problems.; 4Theorists, however, may claim that everyone regardless of their social identity and membership possesses certain universal rights (Schwartz, 1994). The pragmatic approach frames these rights as goals rather than obligations because pragmatists do not believe in any larger encompassing authority at work authorizing the rights. The pragmatist tradition recognizes that we humans share the same species, but not any inherent moral value. These values follow the historical creation of institutions, norms, and practices that seek to remedy the problems of childrearing, hunger, and exploitation. We do not start from scratch, but build on millions of years of adaptive trial and error (Wright, 1994).; 5Sen uses the notion of capability to describe the necessity of going beyond conventional development goals and measures of success (like basic utilities, economic goods and social services) and take into account overall improvement to human potential. Development, in Sen’s scheme, is therefore about developing the capabilities of people by increasing the options available to them.; 6The social welfare principle informed by utilitarian moral ideas envision a calculus that can aggregate the diversity of purpose and interest that center in common goods like roadway placement, groundwater use, or congestion relief. But complex interactions among spatial, political, and social differences can often make such rational abstraction perverse. Collaboration and coordination may be settled though a market pricing system, but planners often face challenges where purposeful deliberate coordination need be done.; 7Maharaja Ganga Singh of Bikaner went to the extent of pledging his kingdom’s current and future earnings in order to raise funds from the London financial market in early twentieth century that helped develop the impressive ‘*Ganga* (or Ganges) canal’ and the ***planned*** new town of Sri Ganganagar (see Panikkar, 1937).; 8The powerful combination of mechanized pumps and tube wells was first demonstrated by Sir William Stamp, who used hydroelectricity to power electric pumps for tube wells to lift irrigation in the United Provinces during the early 1930s (Central Board of Irrigation and Power India (CBIP), 1992). With successive tube wells proving successful in the northwestern districts of Meerut, Bijnor, and Moradabad, the technology spread to other areas as well; more than 10,000 tube wells were pumping by the end of 1930s in the province of Punjab alone (Islam, 1997).; 9Several scholars have studied various facets of government corruption in India. Akhil Gupta, for instance, examines the discourses of corruption and describes the “degree to which the state has become implicated in the minute texture of everyday life” (1995: 375). Similarly, Craig Jeffrey, studying low-level government corruption within the institutions responsible for purchase of sugarcane in rural India, stresses “the need to understand corruption with reference to local political economy and the broader distribution of social and economic opportunities” (2002: 21). In a similar vein, the pragmatic approach does not adopt an idealist normative focus on standards and thresholds for corruption, but studies how legitimacy shifts with purpose and opportunity. In this line of thinking, the relationship between corruption and compromise is susceptible to the same consequential analysis adopted in this essay.; 10Other studies confirm the trend of groundwater depletion in different regions while pointing out that not only India has become the largest groundwater user in the world, with more than 60% of irrigated ***agriculture*** and 80% of drinking supply accounting for a quarter of the total global consumption, but the situation is deteriorating rapidly with more than one-third of country’s groundwater blocks already falling in semi-critical, critical or overexploited categories (seeTyagi et al., 2012; World Bank, 2010).; 11Given the political sensitivities and public importance associated with groundwater, which is now arguably the most critical water resource of India, governments have begun to pay attention. The Central government, for instance, has notified more than 160 places for control and regulation of groundwater while banning the development of new tube wells and restricting the use of groundwater for domestic and drinking requirements in the most sensitive areas (Central Ground Water Board (CGWB), 2014). Along similar lines, several state governments including those of Gujarat, Rajasthan, and Delhi have mandated rainwater harvesting for groundwater recharge in large new buildings and public institutions (Centre for Science and Environment (CSE), 2014). Planners, however, know that solution mandates do not work unless organized systematically to respond to social demands and local conditions.; 12Several insightful and in-depth studies describing the role of NGOs in shaping the policy formulation and implementation around the availability and use of groundwater across India’s varied geography are now available. See, for instance, Gopinath (2013) and World Bank (2010).; 13Based on archival research about GVNML, an in-depth, semi-structured and open-ended interview with LSS lasting more than four hours, and the firsthand experience of visiting the project sites on 2 October 2015.; 14Here, it is important to underline the role of participation as a means of enacting compromise. Collaborative discussions tied to plausible alternatives, for instance, reduced offloading moral burdens onto others including state officials and irrigation engineers. Participation activities included public discussions (in several forum including the village council or *Gram Sabha*) and a diversity of people using small group deliberation that adopted some form of social learning (e.g., Forester, 1988, 1999; Healey, 2002; Hoch, 2002; Innes and Booher, 2010) focused upon generating a practical solution. Less intensive forms of participation might have improved the efficiency of process, but would not have generated the same kind of commitment and improved knowledge about what to do and how (e.g., Fung, 2007; Quick and Feldman, 2011).; 15Interview with LSS on 2 October 2015.; 16Apart from the year-round availability of water in places where GVNML has worked, another major accomplishment of the organization lies in institutionalizing villagers’ participation, no doubt aided by the work of other NGOs and government agencies as well, in the national and provincial level water policies and ***programs*** for local places. See Ashoka (2006) for more details.

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[***Cargill posts fiscal 2018 Q3 financial results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S2J-NS61-JC0X-H3GR-00000-00&context=1516831)

MarketLine NewsWire (Formerly Datamonitor)

April 6, 2018 Friday 6:16 AM GMT

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**Section:** FINANCIAL REPORTING; Food

**Length:** 1455 words

**Highlight:** Cargill has reported financial results for the fiscal 2018 third quarter and first nine months ended February 28, 2018.

**Body**

Key results include:Adjusted operating earnings were$559 million, a 22 percent decrease from last year&#39;s$715 million. Nine-month earnings totaled$2.4 billion, down 7 percent from$2.58 billiona year ago.These earnings included a net charge of$161 millionrelated to the recently enacted U.S. Tax Cuts and Jobs Act. Excluding the charge, Cargill&#39;s results were on pace with last year&#39;s third quarter and first nine months.Net earnings for the quarter on a U.S. GAAP basis were$495 millioncompared with$650 milliona year ago. Nine-month net earnings equaled$2.39 billioncompared with last year&#39;s$2.49 billion. Excluding the tax charge, the third quarter was in line with last year; the nine-month figure exceeded the prior period.Third-quarter revenues rose 2 percent to$27.85 billion, increasing the year-to-date figure to$84.32 billion."Our steady results from operations demonstrate that our ***strategic*** direction is the right one," saidDavid MacLennan, Cargill&#39;s chairman and chief executive officer.

"The performance of our team worldwide keeps Cargill moving ahead, preparing us to continue to grow."During this extended period of sluggish ***agricultural*** commodity markets, Cargill is taking action to transform and differentiate itself. MacLennan cited the company&#39;s integrated approach to global operations, its ongoing appraisal and enhancement of assets along supply chains, and its investment in new capabilities and technologies. "In a time of continually changing expectations, we are setting ourselves apart in order to help our customers succeed."Segment resultsPosting a solid increase in adjusted operating earnings,Animal Nutrition & Proteinled company results for the fourth successive quarter. Performance in complete animal feeds, premixes, additives and micro-nutrients contributed strongly to earnings, as did beef and egg protein results inNorth America. The segment&#39;s aqua nutrition and poultry businesses trailed the year-ago quarter due to a mix of factors, including lower pricing in some markets.Cargill continued to increase its presence in targeted animal nutrition and protein markets. The fresh poultry joint venture between Cargill and the U.K.&#39;s Faccenda Foods was completed in January and now operates as Avara Foods. C-Joy, a joint venture between Cargill and Asian foodservice company Jollibee Foods, opened its new poultry processing facility in Batangas province, south ofManila. It provides dressed and marinated chicken to Jollibee Foods&#39; stores and restaurants inthe Philippines. In beef, the company is expanding itsColumbia, South Carolina, ground beef plant, which it purchased in 2016.Advancing its digital capabilities, Cargill made a minority equity investment in Cainthus, aDublin-based company that uses predictive imaging analytics to monitor the health and well-being of livestock. The proprietary technology uses on-farm cameras with facial recognition software to identify individual dairy cows and track their movement and behavior. It then employs algorithms to deliver analytics that can benefit ***producers***&#39; decision-making about their farms. Cargill also introduced iQShrimp, a predictive software that uses machine learning and sensors to provide shrimp ***producers*** with real-time visibility into their operations. Finally, it opened a fish feed mill and a technology application center in Andhra Pradesh state, a central place for aquaculture inIndia. Both facilities are aimed at helping shrimp and fish farmers grow healthy seafood with improved productivity.Earnings inFood Ingredients & Applicationsdecreased on mixed performance, with the segment the second-largest contributor to company earnings. Cocoa, chocolate and edible oils posted performance gains. Lower ethanol prices inNorth Americaand higher manufacturing costs inEuropetempered results in global sweeteners and starches; the third quarter also tends to be seasonally slower for corn sweeteners. Snowy weather boosted salt sales, but results were muted due to higher production costs, lower sales prices for road salt and rising truck freight costs on packaged salt products.With interest in plant-based foods on the rise, Cargill invested$25 millionin a joint venture withMinneapolis-based Puris, the largest North American ***producer*** of pea protein. The company mills yellow peas into nutritious, highly functional proteins for use in label-friendly baked goods, cereals, dry blend beverages, snack bars and more. Through the joint venture, Cargill and Puris will expand manufacturing and commercial capabilities to support growth in new markets. Also in food ingredients, Cargill&#39;s salt business opened its first food-grade potassium chloride operation at its salt facility inWatkins Glen, New York. A naturally occurring mineral, potassium chloride enables food manufacturers to lower sodium content in a wide range of food products by up to 50 percent, without sacrificing taste or functionality.Earnings inOrigination & Processingedged ahead of last year&#39;s moderate third quarter. After five years of very large crops, the buildup in global stocks has quieted markets, but volatility picked up late in the period, allowing for better trading opportunities. Origination inBrazilremained slow; oilseed processing results in several regions were poor but with an improved outlook as margins strengthened at the end of the period. The segment continued to focus on efficiency and execution. It also is investing in technology to better connect its global operations and supply chains, enhance trading and risk management, and bring farm customers additional insights and tools so they can better manage their risks and market their crops.Quarterly results decreased slightly inIndustrial & Financial Services, due in part to lower returns from Cargill&#39;s fund investments against a strong comparative period. Operationally, the segment&#39;s metals and ocean transportation businesses surpassed last year&#39;s third quarter, buoyed by strong analytics and changing market dynamics that enhanced trading performance. Trade and structured finance moved ahead on a diversified performance.Partnerships and commitments for a sustainable futureCargill continues to take action to advance a sustainable food system that nourishes the world. Building on nearly 20 years of climate action, the company committed in February to reduce absolute greenhouse gas emissions within its operations by a minimum of 10 percent by 2025, using 2017 as a baseline. The commitment is aligned with the U.N. Sustainable Development Goals, theParisclimate agreement, and science-based targets that are intended to keep the global rise in temperature below 2 degrees Celsius. The strategy to reach this commitment was developed in partnership with The Nature Conservancy.To strengthen global shipping, Cargill&#39;s ocean transportation business announced four new partnerships with organizations committed to reducing emissions, enhancing the safety and well-being of seafarers, gender inclusion, and anti-corruption measures. Progress in all of these areas is important to the long-term sustainability of the maritime sector, which itself is a vital part of delivering food from where it is grown to where it is needed.To discover new breakthroughs for a safer and more sustainable food supply, Cargill joined with Ecolab, a leader in food safety and clean water, and Techstars, which has a proven startup development model, to create a Farm to Fork Accelerator. The three-year ***program*** will connect the three organizations with promising food and ***agriculture*** startups to share mentorship, expertise and other resources. Applicants will be selected with a focus on those seeking to advance food security and safety, ag tech, and supply chain management. The first 10 enrollees will come tothe Twin Citiesfor a 13-week engagement this summer, culminating in a demonstration day ***planned*** in October where Cargill, Ecolab and potential investors will hear pitches from the participants.During the quarter, Cargill also launched a new partnership with Gastromotiva, aBrazil-based NGO helping to drive the Social Gastronomy Movement. This chef-led movement seeks to draw attention to the ways food can work as a force for social progress on issues such as nutrition, food waste, economic inequality and employment. The company&#39;s three-year,$1.5 millioncommitment will help bring this model to scale globally."To fulfill our purpose of nourishing the world in a safe, responsible and sustainable way, we are looking to combine efforts with a diverse set of organizations," MacLennan said. "These partnerships offer the chance to unlock creative breakthroughs that meet collective challenges."

**Load-Date:** April 22, 2018

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[***Shell to sell its Downstream business in Argentina to Raízen***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S5X-RS81-F0K1-N1DV-00000-00&context=1516831)

FinancialWire

April 25, 2018 Wednesday

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**Length:** 1003 words

**Body**

Shell has signed an agreement to sell its Downstream business in Argentina to Raízen for US$ 0.95 billion in cash proceeds at completion, subject to customary closing conditions. The sale includes the Buenos Aires Refinery, around 645 retail stations, liquefied petroleum gas, marine fuels, aviation fuels, bitumen, chemicals and lubricants businesses, as well as supply and distribution activities in the country. Additionally, after the transaction closes, the businesses acquired by Raízen will continue their relationships with Shell through various commercial agreements, which represent an estimated value of US$ 0.3 billion.

Raízen, a joint venture set up in 2011 between Shell and Cosan, is a leading biofuels ***producer*** and fuels distributor in Brazil, where it already manages more than 6,000 Shell service stations.

"We ***plan*** to continue thriving in Argentina's downstream market through Raízen," John Abbott, Shell Downstream Director, said. "Raízen has already delivered significant value for us in Brazil and we will remain an important fuel supplier to Argentina under this deal."

Shell has been in Argentina for more than 100 years. The Shell brand will remain prominent through a licensing agreement with Raízen. Customers in Argentina will continue to enjoy access to high-quality, Shell-branded products and services.

The agreement is consistent with Shell's strategy to simplify its portfolio through a US$ 30 billion divestment ***programme***, and follows a ***strategic*** review of Shell's Downstream business in Argentina that began in August 2016. The agreement with Raízen is the result of a competitive bidding process and the sale is expected to complete later this year. It offers the opportunity to consolidate a regional partnership between Shell and Cosan.

The sale does not include Shell's Upstream interests in the Vaca Muerta shale formation. Shell sees substantial long-term growth potential in Argentina's shale resources.

Notes to editors

Raízen is a joint venture between Shell (50%) and Cosan (50%). Raízen is the leading ***producer*** of sugar, ethanol and bioenergy in Brazil, with 26 production units and 860,000 hectares of cultivated ***agricultural*** land, a network of more than 6,000 Shell stations, 950 Shell Select convenience stores and more than 2,500 business customers. In Brazil, Raízen is present in 68 airport supply bases and in 68 fuel distribution terminals, and sells approximately 25 billion litres of fuel for the transportation, industrial and retail segments. Raízen's current turnover is around US$ 24 billion per year.

Enquiries

Media Relations

Shell International Media Relations: +44 207 934 5550

Shell US Media Relations: +1832 337 4355

Investor Relations

International: +31 70 377 4540

North America: +1 832 337 2034

Cautionary Note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this press release "Shell", "Shell group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to Royal Dutch Shell plc and subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this press release refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations", respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

This press release contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition', "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "***plan***", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this press release, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products;

We may have used certain terms, such as resources, in this press release that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website [*www.sec.gov*](http://www.sec.gov).

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[***Food and drink industry calls for talent on tap***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PB5-BCC1-JDPH-B3X2-00000-00&context=1516831)

Scotsman

August 25, 2017 Friday

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**Length:** 1447 words

**Byline:** Anna Dove

**Body**

Scotland's food and drink sector is looking ahead to 2030 by preparing future generations for the workplace.

The creation of the Scotland Food & Drink partnership in 2007 brought a renewed focus to the skills agenda. As a sector, food and drink has come a long way in that decade, but people and skills remains an area in need of investment.

The first Skills Investment ***Plan*** was published in June 2012 with input from Skills Development Scotland (SDS), Scotland Food & Drink and the Scottish Government.

It had aims of bringing clarity to the scale and nature of the skills facing the sector, bringing focus to the scale and nature of the response required by both industry and the public sector to address these, and providing a framework for public and private sector investment in skills development to meet the needs of the industry.

A revised ***plan*** was published in January, setting out what still needs to be done to counter the challenges faced by businesses operating in Scotland's growing food and drink industry.

"The Skills Investment ***Plan*** is very much aligned with Ambition 2030," explains Gerry McBride, ***strategic*** relations manager, food and drink at SDS.

"One of the key things we are working on at the moment is creating a talent pipeline for the sector in recognition that the sector is growing.

"We are looking at all areas but there is a recognition that with new technology there is going to be a need for higher-level skills within the sector, people with ICT skills and engineering skills who will be able to work with the ever-changing technology in the industry."

SDS is developing a whole raft of new apprenticeship frameworks, from a foundation apprenticeship in food and drink to pique interest among school-age learners, to a craft brewing apprenticeship and a potential distilling ***programme*** in line with the trend for ***producing*** beer, gin and whisky in Scotland.

"We are also looking at developing a new graduate-level apprenticeship and that is very much focused on food science and food technology roles," adds McBride.

"Supermarkets are putting pressure on manufacturers to come up with new products and food scientists and food technologists are really critical in bringing those to market."

The apprenticeships aren't just aimed at new entrants either, with a real importance placed on businesses upskilling their existing workforce.

"Businesses also use [Modern Apprenticeships] for workforce development to upskill their current workforce and make sure they are more ambitious, more productive, and that they feel valued in that business," says McBride.

But while the ***plans*** laid out are pointing in the right direction and work is under way to ensure people with the right skills are coming into the industry, there are other challenges which don't necessarily relate to qualifications on paper.

For the most part, they apply to the food service and hospitality industry as opposed to manufacturers and ***producers***, but the two are not mutually exclusive in the barriers they face.

Rural businesses and those in remote areas are the hardest hit.

"From our own business perspective here on the Isle of Skye, I am concerned about everything from a rural point of view," says Shirley Spear, co-owner and former head chef at the Three Chimneys in Skye, and food and drink ambassador for the Highlands and Islands.

"I believe we are facing challenges in rural areas that perhaps the restaurant industry doesn't face in towns and cities on quite the same scale."

She highlights mobile phone coverage and connectivity which can be less reliable in rural areas and, with society so reliant on being online, it can be hard to attract the right staff.

"Business is at a distinct disadvantage competitively due to poor connectivity," says Spear.

Then there are issues around infrastructure and transport. "Although the journey to Skye is very beautiful, it is a long and tedious one, particularly on public transport.

"Once young people do move here we have issues with local transport, which is virtually non-existent in many parts of Skye and infrequent.

"For a number of years my ex-head chef refused to appoint anybody who couldn't drive and didn't own their own car.

"We have long abandoned that necessity just because we couldn't find enough people with that capability.

"Transport to and from work is a big expense for the business."

Affordable housing is another problem when it comes to recruiting the right people.

"It has become increasingly difficult to rent or for young people to buy affordable property, or find old-fashioned lodgings' for others who may be working with us for only a set number of weeks," says Spear.

"We need a very professional, highly-trained and skilled team in order to operate at gold five-star level all year round.

"The extent of knowledge and skills we demand of our team compared to the early years is enormous.

"I don't think the Scottish government, or local government, is listening hard enough to our concerns to help the hospitality and tourism sector with all of the issues mentioned.

"They are extremely realistic and very challenging for us and have a profound effect upon small businesses every day."

According to Spear, a stronger emphasis on home economics classes in schools is required to ignite interest in food and drink preparation at an early age.

"I know from my recent term of work on the Scottish Food Commission there has been less and less emphasis on learning home economics, and study at further education level has diminished at a result.

"This could help towards encouraging study in professional cookery, for example, which could lead to excellent jobs in hospitality."

SDS is working with schools across Scotland to promote careers in food and drink and showcase the different roles the industry requires from chefs to marketing and brand managers to farmers and food scientists.

"We have our My World of Work service which is an online channel that we deliver in schools with bespoke food and drink industry pages," explains McBride.

"We have video case studies with inspirational people who work in the sector talking about their route in and how much they enjoy their roles."

There's also SDS's food and drink ambassador network which sees a range of people from apprentices to managing directors visiting schools and attending careers fairs to offer advice and share their own experiences.

"We have a national ***programme*** where we link up a business and a school," continues McBride.

"We have had a biscuit manufacturer that went to a school to come up with an idea for a new product.

"They asked pupils to come up with a marketing strategy, a pricing strategy and the pupils worked in different teams.

"They then presented their work back to the business and through that the different roles within the business were highlighted, but it is also good in terms of a business raising its profile in the local community."

The Three Chimneys is an example of a business which invests in its staff and Spear is not alone in her understanding of the value that comes from enabling employees to develop and progress in the industry.

"As a business, we support the Hospitality Industry Trust (HIT) scholarships because they assist members of our own team to develop their careers while they are working with us and we provide opportunities for others to spend time with our team here on Skye.

"We are involved with the local branch of Developing the Young Workforce. We also provide professional training opportunities through the Wine and Spirit Education Trust and the Royal Academy of Culinary Arts.

"Scottish businesses need to lead the way and participate in encouraging young people to join the workforce as a serious career choice."

Employment outlook

- 114,700 people employed in farming, fishing, food and drink in Scotland in 2015.

- 27,000 new job opportunities expected to emerge in the next ten years.

- ***Agriculture*** is the largest sub-sector of the industry in employment terms, accounting for 56 per cent of all jobs in the sector.

- More than a third of people working in the food and drink sector are employed in skilled trade occupations.

- 1,500 Scottish companies supported with leadership development by Scottish Enterprise each year. Ten per cent of those are in the food and drink sector.

- Scottish Enterprise account-managed food and drink companies invested nearly £4 million in organisational development between 2013 and 2016.

- 96 per cent of registered businesses in the food and drink sector are small (micro) businesses employing fewer than ten people.

- 1,200 Modern Apprenticeship starts on food and drink related frameworks in 2014/2015, accounting for 5 per cent of all Modern Apprenticeship starts in 2014/2015.

**Load-Date:** August 25, 2017

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[***Putin chairs Science and Education Council meeting - Kremlin transcript***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RN0-GHJ1-JC8S-C15K-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

Supplied by BBC Worldwide Monitoring

February 13, 2018 Tuesday

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**Length:** 13744 words

**Body**

Text of report "Meeting of the Council for Science and Education, 8 February 2018, Novosibirsk" published in English on Russian presidential website on 10 February

The President held a meeting of the Council for Science and Education in Novosibirsk.

The agenda focused on the sector's main tasks and prospects, as well as the key areas of international research and technical cooperation.

\* \* \*

Transcript of meeting of the Council for Science and Education

President of Russia Vladimir Putin: Good afternoon, colleagues,

I would like to congratulate you, together with all Russian researchers, on Russian Science Day. I wish you success in your profession and all the best, including health and prosperity.

I propose that today we discuss further measures to strengthen Russia's research potential. This issue is really of crucial, vital significance for the country's future.

Dramatic technological change is underway in the world. In terms of scale, it is comparable to the periods of industrial revolutions and scientific discoveries that have changed people's lives drastically.

It is clear that leadership will now go to those who have their own technology, knowledge and competencies. They are becoming the main development resource that is literally an earnest of national security.

We must achieve a breakthrough in science, as well as in all other areas. We must stop supporting, once and for all, ineffective, obsolete and outdated approaches to organising research. Of course, the country is also waiting for new scientific solutions that will change the quality of people's lives and boost Russia's development.

These goals have been outlined in the National Science and Technology Development Strategy. And it is these goals that must be in the focus of our research institutes, R&D organisations, ministries and agencies.

Assistance should be provided to the best researchers and research groups. At the same time, the key principle for providing state support should be practical results and the creation of internationally competitive products and breakthrough technologies.

Today our researchers help Russian companies to win the technological race, including in such areas as processing and transferring big data.

Cooperation of science and business should become the key condition for implementing the digital economy ***programme***. Using cutting-edge solutions, we must organise the activities of public and social organisations as well as transport and city management at a new level and to take leading positions in developing and using artificial intelligence systems.

Russian scientists have made an enormous step forward in such relatively new cross-disciplinary areas as bioscience, combining the study of biology, chemistry, genetics, medicine, bioinformatics and physics.

New technology to diagnose and treat cardiovascular diseases has emerged. We are meeting with significant success in regenerative medicine. I mean innovations, which allows us to save people whose skin was almost entirely damaged, or to help those who had a brain injury or a stroke to return to their normal lives, or to change heart valves with less risk.

I believe the intellectual and scientific potential we have makes it possible to organise large-scale genomic research in Russia. I ask you to develop a corresponding ***programme*** in the short term providing support mechanisms for strong research teams, establishing advanced infrastructure and training personnel. We have just discussed this with representatives of the Siberian Branch of the Russian Academy of Sciences in detail.

We should apply the convergent approach and nature-like technology wider in genetics as well as in other areas. Using this base, we will be able to create new medicines and methods to treat serious diseases as well as a new energy industry based on technology that treats resources as sparingly as possible. Of course, I would like to hear your suggestions.

Colleagues, Russian science has seen game-changing transformations in recent years, which did not come about all by themselves, but were a result of colossal efforts of the state and the academic community.

In real terms, science funding has increased by 3.7 times over the past 17 years. It grew much more in current prices; the financing of civil science has increased by 23.6 times.

Major investment went into developing higher educational institutions and research infrastructure. The share of equipment at most leading universities that is five years old or less amounts to 65-85 percent today. Of course, this is not enough. Today, I also discussed this with our colleagues. We agreed that we need to expand this base, including in the regions with well-developed research capabilities that have good prospects for their effective use.

Young researchers now have new horizons open to them. The issue is about their ability to fulfil their own long-term projects and work at world-class labs. They are led by researchers with experience of work at leading international research centres who set the international research agenda. There are many of our outstanding fellow citizens among them.

Importantly, if we want to be leaders and be able to improve the global competitiveness of Russian science, we definitely need to go further.

Here are the areas where I think we must focus our efforts and attention.

First, it is imperative to continue to expand the research infrastructure, as was just mentioned, including the megascience class facilities, which are already operating in Gatchina, Dubna, Troitsk, Nizhny Novgorod and at the Budker Institute here, in Novosibirsk.

Such infrastructure should form the basis for the implementation of major research ***programmes***, and be the centre of scientific cooperation across Eurasia.

We will continue to work at major international projects, such as the Large Hadron Collider in Switzerland, the experimental thermonuclear reactor ITER in France, and the free-electron laser in Germany.

As you may recall, as a participant, Russia is entitled to the intellectual results obtained in such projects. We must think about ways to effectively use them for the benefit of our country, economy and the social sphere.

I would like to say a few words again about a recent meeting at the Siberian Branch of the Russian Academy of Sciences. Everything I have mentioned above is very important. We certainly contributed a lot to the preparation of these projects, and we are now working at these facilities successfully. But we also need to create our own centres like this. Our colleagues have proposed establishing one of them in Novosibirsk, at the Academy's Siberian Branch. I believe they are right. We will definitely analyse this possibility and implement this project.

Second, we should keep the focus on supporting and promoting talented young researchers. Everyone who has shown good results must have an opportunity to make a research career in Russia, implement large research projects and look beyond the horizon when ***planning*** their activities.

The main thing is to help gifted young people start their careers in science already at school. This is why we have decided to establish an international research and technology cluster at the Sirius Educational Centre. Major Russian companies are ready to take part in this project.

At the same time, we must never lose sight of what we have achieved. We must not neglect either the prominent centres that won their repute back during the Soviet period, or the new centres such as those that have been recently established in Moscow.

Third, we should continue to promote interaction with other countries and to enhance the transparency of our science. The mega-grant ***programme*** has turned out to be very effective. We must devise instruments that will not just encourage prominent researchers to head our laboratories, but will also help us create powerful teams of international researchers in Russia.

It should be said that the recipients of these mega-grants, the researchers who have come to Russia under these projects have proposed such solutions. They have made very good proposals, which will certainly get the necessary funding, and we only need to organise this work properly now.

I want to say that scientists of global repute and young researchers alike should see that working in Russia is interesting, that we formulate ambitious goals that meet today's challenges, and that we create the necessary conditions for making a breakthrough in attaining the goals set to the country.

Mr Kovalchuk, please. The floor is yours.

Director of the National Research Centre Kurchatov Institute Mikhail Kovalchuk: Thank you very much.

Mr President, colleagues,

Today we are discussing ways to ensure independence and global competitiveness of Russia and the competitiveness of Russian science as an important factor in reaching these goals.

There are three elements determining the development level of science in the country: ideas, personnel and research infrastructure, which the President has just mentioned.

In today's world, well-developed national infrastructure for research and innovation is a fundamental component providing an identity and sustainability to science. This component, in many senses, determines the development of the other components: ideas and personnel.

This infrastructure as it stands today was created as part of the atomic project. And, since the atomic project, the development of research infrastructure has had two specific traits: while emerging as purely scientific, it has become technological and transformed into an important technological tool of modern industry.

At the dawn of the atomic project, at first, there was work with isotopes of, let's say, plutonium or other elements, it was already technology, and today it is an amazing thing: the synchrotron centre we have here in Novosibirsk and at the Kurchatov Institute is becoming the base for medicine production, for example. You need to know atomic structure to make medicine. Today, 100 per cent of structures are deciphered through synchrotron radiation. Although about ten or fifteen years ago many people were sceptical about it, today it works like that. This means that the production of medicines is completely determined by the development level of synchrotron radiation and understanding of the atomic structure.

The second thing is nuclear medicine. Everyone is familiar with it. The base of nuclear medicine is accelerators and isotopes - everything this megascience is based upon.

What is most important? Initially, this structure was created for servicing - it was a complex piece of infrastructure, it took two thirds of the money, but it served 15 per cent of the scientific community: nuclear physics, elementary particles and accelerators. Now there has been a conversion. Today these mega installations are needed for the entire scientific community. The President here has spoken about physicists, chemists, biologists and Earth scientists - everyone needs this equipment. Creating it will serve current needs in all of science.

I would like to point out that Russian and Soviet researchers have made an enormous contribution to expanding international science infrastructure. Suffice it to say that the major international project ITER, which you, Mr President, launched in 2006, having signed an agreement with French President Chirac in Paris, is based on Soviet physicists' research ideas. The tokamak - a term coined in the Soviet times meaning a toroidal chamber with magnetic coils - is being built there.

Importantly, the world's first accelerator on colliding beams - the prototype of the hadron collider - was launched at the Institute of Nuclear Physics in Novosibirsk 55 years ago today. All the world's colliders use this principle, which was implemented here by Budker 55 years ago. The ability to develop, create and use such installations has become one of the most important indicators of a country's scientific and technological development. Any state, embarking on the path of technological development, gets this installation in order to demonstrate that it can afford it. The countries that develop and create these devices form an elite club in which Russia has always taken a leading place.

However, human civilisation, having undoubtedly reached the highest level of development, paid a high resource price, primarily energy price, for it, in fact, bringing the world to the brink of a resource crisis.

The history of the development of science, above all physics, shows that the ultimate result of the study of the properties of matter was the discovery and use of ever more efficient forms of energy: thermodynamics, steam energy, the steam engine, electrodynamics, electric power, the electric generator, the electric engine, atomic physics, nuclear energy, thermonuclear energy, and so on.

Importantly, in the course of these processes, the efficiency of generation from coal to atom increased by over 3 million times. That is, from a kilogramme of uranium we extract 3m times more energy than from a kilogramme of coal. Importantly, consumption grew faster than generation and, as a result, civilisation is still headed towards a resource crisis. This means that increasing the efficiency of generation is not enough: we need revolutionary changes in the technology of energy use and consumption.

I will use an example as evidence. A very simple thing. Everyone owns a smartphone. Processing and recognising one simple voice command on a personal smartphone consumes, on average, energy sufficient to boil one litre of water. We should remember this each time we press that button.

Here is my second point, very important. I will cite an example related to resolving the most important task which is creating a digital economy. Speaking of the digital economy as a major breakthrough (which is true), we should understand that, according to the International Energy Agency, in the coming years, the share of energy consumption of the info-communication network (just networks, without the end devices, such as user network equipment, communication, or Wi-Fi) and without the production of computing information infrastructure, will exceed a third of the world's electricity generation.

When we discuss digital economy, we need to understand that if we do not develop energy properly, we will not have a digital economy. In the short term, this creates major energy-resource constraints for creating a digital economy. Meanwhile, nature does not know resource crises or energy hunger. An explanation of this can be found in the extremely high energy efficiency of natural objects.

I will repeat an example which I have already cited many times. The human brain which, in fact, created a unique civilisation on Earth, consumes 30 watts, whereas a modern super computer uses dozens of megawatts. And the efficiency of all the computers in the world does not even approach the efficiency of the brain of an average person.

So, to resolve the issue of sustainable energy supply for humankind, what is needed is a transition to technologies based on the principles that nature runs on - nature-like technology. These technologies should form the foundation of a fundamentally new technological base for our country's economy.

Mr President, I would like to quote from your speech at the 70th session of the UN General Assembly, when the Kyoto Protocol was discussed. You said that we support the Kyoto Protocol, but it is only a partial solution to the civilisational problem. The issue should be about introducing fundamentally new environmentally friendly technologies that do not damage the environment, but co-exist with it in harmony, and will allow us to restore the balance between the biosphere and the technosphere that humans upset. This is indeed a challenge of a planetary scale.

I would like to say that a number of technologically meaningful results have already been obtained, both in the sphere of energy generation and the sphere of its consumption. For example, technologies have been developed to generate electrical energy on the basis of metabolic processes of living organisms. These so-called biofuel cells can be used for powering biological microsensors and implantable medical devices.

And the second area is consumption technologies. Technologies of hardware - let me stress, hardware, not software - representation of artificial neuromorphic networks for computing devices which operate on the principles of the human brain and, as a result, consume considerably less energy, are actively developing. I should note that such research and design work in all these fields are being actively and comprehensively conducted in many countries.

I would like to say that today we are at the world level in studying living nature and creating nature-like technologies. And this, so to say, is indirectly shown by the explosive growth of papers published by Russian scientists, primarily in the field of live systems. This is really an objective indicator of development.

Now, to achieve a scientific and technological breakthrough and confirm our leading positions in the ***strategic*** perspective, we need to take a new step in the coming five to seven years in the study of natural processes, mainly in the vital processes of living nature. And to do that, a number of qualitatively new experimental facilities must be designed which would allow for direct study not only of the structure of living objects but also of the processes of their functioning.

I want to say a few words on an unrelated note. Think about all we have done already. We take an object, an existing material, regardless of whether it is a mineral or an object of living nature. Then we use synchrotron radiation, x-ray to see the diffraction picture, study the positioning of the atoms, and then, having the knowledge of the atomic structure and properties, we empirically select a technological process that will let us create this material with pre-set properties.

But imagine, all those atoms we currently observe in their final positions, came there a long time ago either due to the Big Bang or in the result of specific chemical reactions. And we could see in nature how these reactions proceed, how atoms move in the process, we could see in nature how it creates these material, which means we could shift our technological capabilities to a qualitatively new level. In general, moving is key to understanding functions. And these new research facilities, on the one hand, will let us see what is going on in living nature, and on the other hand, I would like to say, they are metrological facilities.

Just look, when we had macromechanics, we used to make mechanical parts: we would make a drawing, manufacture parts, then we could check if the part corresponds to the drawing by means of a drawing ruler, a micrometre, a beam compass. When we moved on to microelectronics, the drawing ruler no longer worked, but we could do the same optically. And today, when we create nanomaterials on the atomic level, we should control it as well. This could only be done by synchrotron radiation.

This is why these facilities are a way of securing technological independence. Because even if you buy a technology and do something, and then I change something in that technology without telling you, if you can't see it you will be kicked off of the market. That is why even nations that aren't wealthy such as, for instance, Spain, are building their national facilities.

When building such facilities, the results obtained by Russia as a key partner in large international projects should be fully utilised. First of all, this applies to XFEL - the x-ray free-electron laser in Germany which you, Mr President, spoke about, the European Synchrotron Radiation Facility, ITER and so on.

By participating in these projects (this has never been the case before) Russia has become a rightful co-owner of unique knowledge, the most advanced technologies, technical and design documentation. In fact, we have designed the world's best facilities (XFEL, ESRF) together with a pool of top scientists of the world, and we are currently co-owners, participants in creating the best intellectual property in the world. And this can in fact make a contribution to establishing a new national research technology structure.

In the past years following major government decisions, work began on a number of international infrastructure projects in our country. You mentioned several centres. I would like to say that there are six such projects. Two projects - NIKA in Dubna and the PIK reactor in Gatchina - are in full swing. NIKA is approaching completion. And there are four more projects. One of them is IGNITOR, a new tokomak, a Russian-Italian project, an agreement which was signed during your visit to Italy, Mr President. It is moving at full speed. Now there is the fourth generation of synchrotron radiation source. And two projects. One of them is powerful lasers, the Panchenko Institute, this is one thing. And designing new accelerator facilities in Novosibirsk, which you have just mentioned.

I would like to speak about the importance of two facilities in ensuring that tasks are met. This is the International Centre of Neutron Research based on the PIK reactor, and a specialised fourth-generation radiation source - ISSI-4 in Protvino.

The first facility is in the completion stage. The PIK reactor characteristics exceed those of all functioning research reactors. ISSI-4 is the fourth-generation synchrotron, it is a fundamentally new research and technology tool. The building of this facility will proceed on the basis of broad international cooperation. On the one hand, it is our intellectual property, it belongs to us. And currently it is being adapted to our capabilities.

The second important thing. The Logunov Institute of High Energy Physics is located in Protvino. It also has the most powerful proton accelerator in Russia, which is also the third most powerful in the world, and our collider was built there. There is a 20-km-long tunnel with power supply, a direct wire from the Smolensk Nuclear Power Plant. This means it has a unique infrastructure, where our CERN was being built, a project suspended in the 1990s. This is why we are now discussing how we can use this infrastructure, and, having documents from the XFEL and ESRF, we can build this unique installation - the best in the world - together with our colleagues in a short period of time, five to seven years.

Two days ago, we signed a document with the XFEL and ESRF management where we stated our common interest in creating such an installation and cooperating in this project.

The unique research infrastructure we are creating will become the centre for concentrating and increasing Russia's intellectual potential. International research and education megaclusters can and must be established on the basis of this research and technological infrastructure. They could become centres that draw talented youth from Russia and other countries as well as Russian and foreign scientists and specialists. This would result in a growing number of foreign students and graduates studying in Russia. In fact, we would create conditions for knowledge and technology to flow in from the global market. Federal and national research universities, institutes of the Russian Academy of Sciences and other scientific, research and industrial organisations must be widely involved in creating and using these complexes.

It would also be necessary to design a series of measures, which would solve these issues including, in particular, the establishment and development of the national system of interdisciplinary education you mentioned in the very beginning and strengthening the existing mechanisms of attracting foreign and Russian scientists and specialists. In this sense, the unique research and technological infrastructure we establish will give us a chance to see how and during which processes nature creates its materials and objects, and, in the end, this would allow us to take our technology to a different level and secure the country's leading positions.

Thank you very much.

Vladimir Putin: Thank you very much.

Mr Kovalchuk, you said that everyone has a smartphone, except me. You don't have one either. See? But yes, everybody has one.

And about boiling water. If it is clean, boiling is not necessary.

Mr Sergeyev, please.

President of the Russian Academy of Sciences Alexander Sergeyev: Mr President, colleagues, let me share some of my thoughts about increasing the global competitiveness of our science given the internationalisation of scientific research.

We understand that scientific research is becoming more international, and there are many reasons why this is so. Of course, there is a synergy of thought, when researchers from various countries work together. Sometimes it is necessary to involve the financial resources of other countries to build a machine that one country could not afford by itself.

Finally, there is the issue of global challenges, which can be addressed only by using global efforts. In this case, the consolidation of efforts is very important. Thus, it is true that science is becoming internationalised, and we must realise that while taking part in it, we should make sure that the overall brain flow moves in our direction. Unfortunately, the current situation is different, in my opinion. In general, if we speak about some consolidated intellect of the nation, we see that it is leaving the country. Therefore, we need working instruments to turn this flow back.

What kind of instruments could those be? Of course, we need to support the wonderful ***programme*** that was launched by Mr Fursenko at the time; I mean the ***programme*** to create new laboratories headed by leading scientists. It has worked perfectly so far and we need to expand it.

However, on the other hand, we cannot beat the US or China in terms of attracting scientists. They have more to offer, so this instrument is not enough.

The second important instrument is what Mr Kovalchuk told us about today: scientists are leaving the country not because they get better pay someplace else, but they are driven by interest. It is more interesting for them to work with one-of-a-kind equipment. Of course, they will go to work there. So the more such mega scientific equipment we create, the more human capital we will receive to be able to turn the flow, which is so far directed outwards.

Maybe it is not only about such super-equipment. I think that we could have done the same with our existing experimental equipment, which is also interesting and unique; we should develop this project so that foreign scientists could take part in it too.

I think we should adopt a law on the creation of international research organisations. Foreign countries are used to working this way. In case they want to contribute, they should know they would be able to take part in managing this project, have the right to form a ***programme*** and that their scientists will be able to work with this equipment.

At the moment, unfortunately, there is only one such organisation in the country: the Joint Institute for Nuclear Research in Dubna, which works as an international research organisation under Russian law. If we had the opportunity to establish such international research organisations under Russian law, I think we would attract interest, capital and scientists as well. I think this is important.

Of course, researchers are attracted not only by advanced equipment and a cutting-edge infrastructure. They want to take part in interesting new projects. And I believe that we should add an international status to some of our interesting projects as well.

We spoke a lot about Novosibirsk and our Siberian branch, so I would like to give some examples from other regions of the country. I think it would be interesting to make the Crimean archeological project international. Crimea is an archeological treasure, no less than Israel and Palestine. It is where roads and civilisations cross. We got a huge amount of artefacts during archeological excavations conducted as part of the construction of a road. Foreign researchers are very interested in them. It would be crucial for us because it is easy for researchers to overcome political barriers. In physics, there is this term, barrier tunneling. Researchers, if they are interested, will come, and we could gradually introduce the international system of division of research labour with the help of this project.

Another project could be developed in the Far East. Colleagues, we talk so much about the colonisation of the Moon, other planets, and so on. But as you know, we have a lot to research and explore here, on Earth; I am referring to the depths of the oceans. In terms of size, there is more life in the ocean than here on earth. Its biotope is approximately two orders of magnitude greater than the one on dry land. Deep-sea exploration is very complex and requires modern equipment. In this sense, the establishment of an international project on deep-sea research in our Far Eastern seas would be very interesting.

You see, this region is becoming the centre of geopolitical activity. We have a base there to do research, and we also have a research fleet. We have wonderful institutes that make deep-sea robots. In Vladivostok, we have an amazing oceanarium and a biobank. So, there is something to work with. I think it would be good to use some funds and make some organisational changes to make this project a centre of interest for many scientists. This, in turn, will help to turn the brain flow in our direction.

Another instrument is a new (both for us and for the country) form of cooperation: the so-called brainstorm consolidation of research groups. I think my colleagues know that leading experts are invited to various countries for three-four weeks and are provided with good working conditions. These leading international researchers establish working groups to discuss various matters, to analyse the results of recent experiments and to outline development prospects. Taking part in such a working group will guarantee that you will have a leading position in terms of the relevant subject, strategy ***planning*** as well as participation in various international committees.

You know, it would be good to build this research mobility directed towards us. It would not require too much money, but we need to finally develop a ***programme*** on this academic research mobility that ended here in 2013. The Academy of Sciences does not have such an expenditure item, and Federal Law No 253 and the main objectives of the Academy do not include international activity. We need to restore it, and we are ready to work on it.

I told Mr President some time ago about our intention to update the objectives of the Russian Academy of Sciences and to introduce amendments to Federal Law No 253. It is absolutely necessary to do so in the area of international scientific and technical cooperation.

I have two more short remarks. Of course, when we speak about these instruments and the principles of research diplomacy, the domestic 'front' is very important. But there are, of course, external 'fronts' as well, there are developed science-oriented countries, and there are the CIS and our neighbouring countries.

You know, we have an instrument that does not work at all. The Russian Academy of Sciences has some 500 foreign members - prominent scientists from major developed countries. They are fond of our country and our science, but it is vitally important for us to systematise cooperation with them. We must establish a network of the Academy's representative offices in the leading countries. They will help us improve bilateral cooperation and we will have an entire contingent of leading, influential people in other countries who will promote scientific relations with Russia. I would like to ask the Foreign Ministry to support this idea.

And one last point. The neighbouring countries are an important area for our scientific diplomacy. Unfortunately, in the past few years we have lost our influence there. We need to review the situation and consider re-establishing our ties with them.

Here is an example. Our colleagues from Uzbekistan have shown an interest in cooperation over the past few years. I believe that we can significantly increase our influence there by boosting our joint work in research and education. Colleagues, as you may know, many people there have not yet forgotten the Russian language. We should invite researchers from Uzbekistan to take part in our postgraduate and doctorate ***programmes***. We need to send our leading experts there to give lectures in Russian. You know, the Russian language is a powerful force, and it is crucial that it retains its influence in these republics.

Of course, it would also be good to launch some large joint international projects. Here is an example. As you may know, the construction of the Suffa radio telescope is almost finished. There are instructions from the two presidents that we finish the construction and set up a serious international project there. We must do this as soon as possible. Given all this, we will be able to retain our influence and will not lose these countries.

Thank you.

President of Russia Vladimir Putin: Thank you, Mr Sergeyev.

Ms Dontsova, please.

Department Chair at Moscow State University Faculty of Chemistry Olga Dontsova: Thank you.

Mr President, colleagues,

I would like to thank the President for calling life sciences and genome research important.

I also would like to draw your attention to a breakthrough in technology that has appeared recently and that completely changes our view on what can be done with a genome. I am talking about the recently developed technology of genome editing.

This technology allows for changing the genome in a specific, desired place. This is a nature-like technology because it is based on the system used by bacteria to protect themselves from bacteriophages. Scientists have changed this system and made two molecules work in such a way that one molecule is the aimer and directs the system at one concrete place in the genome, while the second molecule serves as "molecular scissors" and cuts through the DNA leaving behind a rupture. This rupture will be repaired by the cell and during this process, there is a slight change in the genetic material. So, this is not an artificial system.

Ruptures can happen in cells spontaneously. In particular, when we go out and breathe in the smell of fresh asphalt, we inhale benzo pyrene, which modifies our DNA and ruptures it. When we are sunbathing, UV rays affect our DNA causing ruptures as well. Ruptures also occur during the normal operation of the DNA in our cells. These are very natural phenomena that occur in the DNA and are repaired in a natural way. So this is the genome editing technology, not the creation of transgenic organisms, when alien genes are introduced to the genome in a chaotic way and can change its entire functionality.

It is understandable, that if researchers get hold of such an instrument, it opens up amazing horizons both in fundamental science and in its application. One cannot imagine what can be achieved using this directed evolution in ***agriculture***. Knowing a plant functioning mechanism, for instance, we can breed plants with desired properties: drought and cold resistant and containing or not containing the desired elements.

For instance, everyone likes potatoes, but they are high in starch. In Russia, especially in the cities, and around the world in general there is the growing problem of obesity and diabetes. With this technology, we can reduce or even eliminate starch in potatoes. And so on.

Speaking about livestock breeding, we can breed animals with more meat, more milk, more or less wool, we can breed a featherless chicken, you name it.

For instance, a big problem today is that many children are born with intolerance to cow's milk. Using the genome editing technology, it is easy to breed a cow whose milk will be easily digested by such children.

It is hard to overestimate the importance of this technology for medicine as well, because many defects can be fixed. For example, there are many genetic disorders. Naturally, we cannot fix them in embryos. There is the Duchenne muscular dystrophy, which weakens muscles and shortens the life of the affected person. We can take this person's cells and fix the specific genome in these cells, grow the desired cells and return them back to the affected person, who will receive healthy cells that will grow healthy muscles. There are many such genetic disorders; they are also called orphan genetic diseases. This discovery provides us with unique opportunities.

I can go on about such diseases, but I have to mention that this technology creates absolutely unique opportunities for scientific development. We all know about the genes in our bodies, but there are so many of them that we cannot know everything about them and how they interact with each other. We have not researched thousands of genes yet. The possibility to make targeted changes in a gene will help us understand the connection between various processes in our body and improve early diagnostics and the potential for treating such multifactorial diseases as multiple sclerosis, which is now considered incurable.

Or another example: nobody wants to grow old, but we do not understand what makes us grow old. So by studying these issues we will find answers to questions considered unsolvable at the moment. There is a huge upsurge of interest in this area in the world at the moment.

I must say that such research is conducted in Russia. Lomonosov Moscow State University is an example: its rector Viktor Sadovnichy supported the creation of a genome editing laboratory. As of now, the lab has bred 17 strains of mice with edited genomes and at the moment is studying them.

The Skolkovo Institute of Science and Technology has made a great contribution to genome editing research. It has been developing applications of this technology and also has been improving the technology itself. I must also mention the institutes of the Academy of Sciences in Moscow, St Petersburg and here in Novosibirsk that use the technology at the cell level. The Kurchatov Institute is also worth mentioning. I am not sure if you know this, but they are creating unique software that will help point aimer molecules in the desired direction. The genome is big and we need a lot of accuracy to work with it. It is a huge matter at present.

I must also say that until recently, these studies were developed with the support of scientific foundations. But this is a global issue, for it is not only science, but also potential technology. It is understandable that it cannot be dealt with using the support of foundations and separate institutes alone. I think that Russia must not miss such breakthrough technology. In order to have leading positions in the world, I think, there must be a state ***programme*** of financing for this area. We need to train personnel, we need the possibility to bring back personnel from abroad, to create infrastructure, and not only by purchasing foreign equipment. Finally, we need to begin manufacturing our own equipment.

Another crucial matter that has already been mentioned by Mr Nikitin, who was awarded the Presidential Prize today, is the supply of chemical agents. Let me just give you one example to help explain why we are losing out to the competition in areas where we can compete. If I worked abroad, I would be able to get the chemical agent I needed the next day or it would take no more than two days. But in Russia I would have to wait for at least three months and pay one and a half to three times more for this chemical agent than if I were abroad. This really undermines experimental research and makes Russian research less attractive for young people or the international community, which is what we are discussing here today. I believe that this is something critical and a priority that must be dealt with at the government level.

Thank you for your attention.

Vladimir Putin: I think that you are right. There is demand for a ***programme*** of this kind. We will think about it together with you and come up with a proposal.

Olga Dontsova: Thank you.

Vladimir Putin: I am not even talking about the related subjects, about the chemical agents and so forth, but overall we do need such a ***programme***, of course.

Olga Dontsova: Mr President, but this matter concerning the chemical agents is very serious. This is what actually forces young people to work abroad instead of staying in Russia.

Vladimir Putin: I understand. We will try to resolve the issue with chemical agents as part of the ***programme***. Would that suit you? We do need to think about a ***programme*** like this, I agree.

What matters is that instead of turning into rats, mice in this laboratory turn into cows that make the right kind of milk.

Olga Dontsova: Still, we need to begin with mice, and move on to cows later.

Vladimir Putin: Yes, this is true. And you do need the right chemical agents. I also agree. They must be provided on time. Thank you.

Mr Dynkin, you have the floor.

Member of the Russian Academy of Sciences, Secretary of the Global Issues and International Relations Department of the Russian Academy of Sciences, Alexander Dynkin: Thank you Mr President.

I would like to follow-up briefly on what Mr Sergeyev said about the tunnel effect. I believe that researchers and people with a scientific outlook have an edge when it comes to resisting propaganda and ideologies. When diplomats and the military are no longer able to understand each other, I think that researcher-to-researcher dialogue remains the last channel in interstate relations.

In this case, I would like to add that Russian international relations experts take an active part in searching for a solution of the current crises, such as Syria, or Donbass, or the situation around the Korean Peninsula. I can tell you that famous expert in Orient studies Vitaly Naumkin, aide to Staffan de Mistura, has been living and working actively between Moscow, Damascus and Geneva for almost two years now.

I would like to say that holding large international conferences has become a new form of competition in our areas. China and India are becoming especially competitive now. We can see it while preparing the Primakov Readings International Forum. I can tell you today that, according to global rankings, the Primakov Readings have not only made it to the top 10, but hold the seventh position. The Asian Shangri La Dialogue international security conference held in Singapore and the Munich Security Conference hold the first position and we, the seventh. Not bad, I believe.

Of course, your attention and your participation in this conference played an important role. I would like to say that Chair of the Organisation Committee Yuri Ushakov as well as Andrei Fursenko, who is also here today, and, of course, Sergei Lavrov help us a lot. I believe this is exactly the form we should support and develop.

I would like to add regarding global competitiveness that my institute, IMEMO [the Primakov National Research Institute of World Economy and International Relations] despite a lot of prejudice towards us, our projects and our publications, improved its position in the global ranking by three points and took 28th place. Let me add that IMEMO scientists also rose in this ranking.

If we speak about the things we need today to actively increase our competitiveness, some reserves either at the Russian Science Foundation or at the Russian Foundation for Basic Research to translate our works into English would increase our citation ratio and competitiveness.

Secondly, I believe (Deputy Foreign Minister Sergei Ryabkov is here today) that many countries have a scientific adviser at the Ministry of Foreign Affairs. Maybe we should think about it and coordinate this work?

Thank you.

Vladimir Putin: Thank you very much.

Mr Sadovnichy, you have the floor.

Lomonosov Moscow State University Rector Viktor Sadovnichy: Thank you, Mr President.

You have noted the importance of training personnel as a way of taking care of the future. As President of the Russian Union of Rectors, I would like to discuss the university corporation and its contribution to international science and technology cooperation.

First of all, this is a venue for holding forums. Since 2000, we have held 50 forums. Dozens and even hundreds of rectors from around the world come to Russia or we visit them and study their national education systems and monitor developments at leading universities worldwide. In the past three years, since 2014, the forums have involved 2,000 rectors from foreign countries. Mr President, as head of state, you attended some of these signing ceremonies in Japan and China. These forums are a highly important aspect of cooperation in science and technology.

Mr President, we are leaving for Beirut, Lebanon, in several days. Once there, we will hold a forum involving Arab League rectors and Russian rectors. This trip will involve about 40 Russian rectors and 60 rectors from Arab countries. I will only list the countries whose representatives will attend this Arab League conference on February 18: Jordan, Lebanon, Syria, Iraq, the United Arab Emirates, Egypt, Algeria, Somalia, Oman, Yemen, Kuwait, Palestine and others. Considering the fact that they have suggested organising this meeting, and that the rectors of all these leading universities from Arab countries are scientists and well-known people in their respective societies, I believe that this will become a major event and it will take place in just a few days from now. Ms Vasilyeva will attend this forum, and a school will be opened there.

I would like to note that communication at the level of rectors (in my opinion, such communication is very intensive) has drastically increased the number of foreign students in Russia. According to overall statistics, their influx has increased three-fold. Regarding Moscow State University, I can tell you that I once dreamed that foreigners would account for about ten percent of the total number of our university's students. And now, foreign students account for 25 percent, with 9,500 foreign citizens studying at Moscow State University.

Is this important? This is certainly important because these future scientists will work on our joint projects and at our research facilities. Most importantly, these contacts make it possible to effectively monitor new developments in the education sector. If we do not lag behind others in the education sector, we will surge ahead in science.

There is another project I would like to mention. It is related to scientific and technical cooperation; we spoke about it today. I am talking about the countries of the former USSR, CIS and the neighbouring countries. At the request of the presidents of six of these countries, we have opened branches there. The presidents asked for it personally and then the relevant executive orders were released. At the moment, these branches have 3,000 students who will receive diplomas from Moscow State University. We consider this very important. Not much is being said about it, but these people are the future elite in these countries. They often come here, but even if they stay there to work, they have MSU diplomas and they were taught by our professors.

A recent decision was made to establish a branch in a Western country, in Slovenia. The Slovenian government had to consult with Brussels to arrange the opening of our branch. But it has opened and classes have been held there since September. This is another success of our international cooperation policy, I believe.

I spoke about the joint Chinese university, which is holding classes as well. And, most importantly, the Chinese side provides a lot of cutting-edge equipment to the joint university. This means that in this special zone in China they are expecting a breakthrough in scientific and technical development, considering the scientific potential of Moscow State University. But we are learning too. Our biologists, mathematicians and programmers work there with the new equipment. I consider it very advantageous as well.

There is another project implemented at your request and approval: the rankings. Mr President, the rankings had a certain purpose. The leading rankings that we are used to evaluated educational systems in accordance with their own views. In general, we did not totally agree that they were the absolute truth and we suggested a new ranking system, which considers a university as an educational centre but also a centre that is connected to society. It is the linchpin of society and sometimes the most important institution in the region. Overall, universities are the future of the country and the regions. They cannot be judged by the number of works published.

So we suggested a ranking system that has three criteria: science, education and universities and society. This decision sparked debate. Hundreds of foreign universities took part in this ranking. We have summarised the results and published it. There is some discussion about it. We showed that our education system is considered one of the best. Instead of one university at the top of all rankings, now there are 13 Russian universities at the top. It is okay that we are not the best, there are American universities, but we did not strive to achieve that. As a country, we ranked second. We showed that our education system is strong in general. We are working on another ranking and we will improve ourselves. This also has to do with our reputation.

Mr President, I will conclude by saying that university cooperation does not require big funds; this is work for the future. But it is crucially important, because experience shows that current students will in the future be the ones to determine relations between our countries and the development of science in our joint projects.

I considered this necessary to mention on behalf of the Rectors' Union.

Thank you very much.

Vladimir Putin: Thank you very much.

Mr Fortov, please.

Vladimir Fortov, Secretary of the Department of Energy, Mechanical Engineering, Engine Operation and Control, Russian Academy of Sciences: Thank you. I would like to briefly touch on several factors that may hinder our progress at the necessary pace in the direction you specified today. I also want to say that we will be competitive, dynamic as well as attractive to our colleagues when our work conditions here are attractive. This is obvious.

However, unfortunately, our science has been becoming more and more bureaucratic, especially recently. There is increasingly more paperwork, reports to write and other red tape, which stalls actual research rather than help it.

The Western practice is different. Here before me I have an A4 piece of paper. This is a form to nominate a colleague for the Nobel Prize. Every year it is sent to dozens of physicists. All you need to do to nominate a person for this prestigious award is to fill out half a page. You can even do it by hand. It took me 15 minutes. This information is sufficient to determine that the nominee has the necessary credentials.

There used to be a time in our country when bureaucracy and actual research were indeed completely separate. This is another half a page with Andrei Sakharov's writing. This was his H-bomb development chart.

I would like to hand over these two pieces of paper to you, Mr President, so that you have an idea of how complicated our system is today. It is snail-paced and, certainly, non-competitive.

In addition to what we are discussing here, I suggest developing a radical system to eliminate red tape from science. Scientists must only be in charge of the decisions that actually help them and that will bring them to their goals. Everything else only pushes people away. This is my first point.

The second thing is this. Today there is plenty of expensive research equipment throughout the world. Some devices have been mentioned here today, while a big part has not even been mentioned. Mr Sergeyev knows them very well. For every piece of equipment - for example, a laser - there is a fundamental research ***programme*** that requires compulsory international participation. Every year a board selects a ***programme*** through a contest. Our scientists often win the opportunity to work at foreign research facilities from this board.

But what happens next is a nightmare. You have to pay for travel, hotels, transfer of the equipment. We conducted a very complex evaluation. I will not bother you with it right now. Let us take, for example, the National Ignition Facility (NIF) in Livermore, California, where each experiment costs $2 billion to $3 billion. When you just press a button and shoot. You get to work it for free. But accommodation and everything else costs money.

Think about the cost of productive time on the NIF. You only have to pay 0.3 percent of the cost of this research device - or, to be precise, experiments on this device - to participate in the project. This is so inexpensive. And it up absolutely unique opportunities of access to a great variety of devices. Power generators, mathematical devices, supercomputers and so on.

I propose including these two issues in the ***programme*** that will be developed.

Thank you.

Vladimir Putin: Thank you very much.

Let us hear from someone else. Mr Plugatar, please.

Director of the Nikita Botanical Garden - National Research Centre of the Russian Academy of Sciences Yuri Plugatar: Mr President, colleagues,

In 2014, the return of Crimea brought back many academic institutions, some of which were founded in the Russian Empire to later play an important role in the USSR. They are already contributing to the development of Russian science.

There is one word to describe what is now happening at our institutes. It is a breakthrough, made possible by new laboratories and new complexes that we are opening or new equipment that we are purchasing thanks to assistance from the Russian Science Foundation, the Federal Agency for Scientific Organisations, and the Russian Academy of Sciences. Our goal is to reach the highest global level.

The most important thing that we have achieved over this period is restoring and strengthening cooperation between our staff and researchers from other institutes and universities of Russia. This cooperation has resulted in departments of shared education and core facilities.

In this vein, the Artek camp, Lomonosov Moscow State University and the Nikita Botanical Garden have partnered up to set up a successful open-air study ***programme*** that helps kids acquire knowledge and take their first steps in science.

Sanctions imposed by a number of countries have failed to prevent Crimean research centres from making certain achievements internationally.

Our research teams have taken part in over 200 scientific conferences where they have each time given their place of origin as, for example, Yalta, Crimea, Russia. Conferences that have been organised in Crimea have been readily attended by our colleagues, heads of scientific communities and Nobel laureates from all over the world, including from the European Union. So the proud Russian flag above the vessel of Crimean science can be seen clearly both in the East and in the West.

As for new ***programmes***, I would like to inform you that six institutes under the Federal Agency for Scientific Organisations are currently developing a ***programme*** on global biodiversity with the support of Russian and foreign scientists. It is a ***programme*** aimed to form and study global genome mapping and the genome inventory of plants at the level of single cells.

This research will help us develop a periodic system of cell types whose forecasting abilities can be compared only to Mendeleyev's periodic table. It is a real breakthrough. If we promptly begin the ***programme***, we can reach leading positions in the world.

Within this short period of time, research institutions in Crimea and Sevastopol have managed to integrate into Russian research activity and consolidated efforts to create three modern federal research centres. In this connection, additional support at the regional level would speed up the process.

Also, it is the federal research centres that, in our opinion, can not only solve fundamental scientific problems but also help in dealing with regional issues. We have developed our proposals regarding Crimea. Crimea is a land of opportunity. We see how amazingly well research is organised here in Novosibirsk with its university towns and scientific centres.

Crimea is a wonderful site for research: from the World Ocean to the farthest corners of outer space, from medicine (including spa medicine, especially for children) to ***agriculture***. Therefore, in our opinion, Crimea must become a new site for the development of science in the Russian Federation.

In conclusion, I would like to use this opportunity to invite you, Mr President, to the Nikita Botanical Garden. It is a true gem of Russia and the oldest research institution in Crimea.

Thank you for your attention.

Vladimir Putin: Thank you very much, Mr Plugatar.

Of course, we will work on it both separately, and on a systemic level, and within the general development of Russian science and the Academy.

You have the floor.

Director of the Knorozov Mesoamerican Centre of the Russian State Humanitarian University Galina Yershova: Mr President, colleagues,

I would like to say a good word about the humanities. This year we celebrate the 100th anniversary since the young, newly born Soviet state adopted a number of projects or laws, as we would call them now, on preserving and developing science. In general, for some reason people do not like to talk about this. However, owing to the preservation of science and the implementation of completely incredible projects, Russia suddenly became an example in science and the entire world.

The promotion of the new values that were put forth by the socialist revolution was a very important factor that facilitated the development of these projects because humanitarian values allow us to feel our identity. No matter what mega projects we might implement, we mean nothing without our values. In reality, our values are what Russia embodies in the world.

Mr President (you probably do not remember), after 2007, after your visit to Guatemala, two permanently functioning centres were established - one in Guatemala and the other one in Mexico. Projects are being carried out at these university centres. This is the Knorozov school, a unique humanities school. These are also students. We are open to all research institutions and everyone can go there and work.

It transpired that these centres attract both our compatriots and foreign scientists who want to cooperate with us- something we did not expect. We launch projects for them but we do not ask them for anything. We offer our projects and they come to us.

I would like to conclude my remarks and to emphasise once again that we should not forget the humanities. If we drop the humanities component that gives birth to jewels later on, we will lose everything. Mega projects will not be for us anymore. This is all I wanted to say.

Vladimir Putin: What you said is very important. Thank you very much.

The floor is yours.

Alexandra Kalashnikova, Senior Researcher at the Ioffe Physical-Technical Institute of the Russian Academy of Sciences: Mr President, colleagues, I would like to say a few words about one aspect of infrastructure development.

At the beginning of our meeting, you listed the development of research infrastructure as a priority. The Ioffe Physical-Technical Institute, which I am honoured to work at, is currently implementing an interesting and, I think, important project, which is to create and equip a research centre that will carry out research and design work in areas like solar energy, including space-based, power electronics, energy storage and other areas that are critical for us now.

However, in the process of implementing this project to create the research centre and equip it, our institute ran into a problem which, I believe, could prove to be important, and the resolution of which may prove important for implementing other similar projects. The problem is that the project to create an R&D centre will take a lot of time, relatively. It was designed originally to be completed within five years with substantial funding from the budget. Unfortunately, funding was reduced on two occasions when the process was already underway, and reduced to the point where it is now impossible to tell when it will be completed.

This is why I would like to invite you and the council members to consider covering such infrastructure projects with insurance, so that they can have some protection against major cuts in budget financing. If an infrastructure project, which was originally ***planned*** to be completed within five years, is only being realised in 10 to 20 years, the original purpose is defeated.

Vladimir Putin: We operate on a common principle, which is that any old business must be finished before we start any new business. This looks somewhat more primitive when it comes to major construction projects or facilities. We tend to start something very important, not having finished what was considered important the night before. So, I agree with you, we just need to take a closer look. Mr Sergeyev is supportive. We will see.

Mr Oganov, you have the floor now.

Professor of Skolkovo Institute of Science and Technology Artyom Oganov: Mr President, colleagues,

I would like to say a few words about overcoming the consequences of brain drain that resulted in heavy losses for our science. Now we are recovering fairly quickly. According to the information I have, in ten years the number of publications by Russian authors has increased by 40 percent. In the magazines of the first quartile this figure grew by 50 percent. However, in the average citation ratio, our articles are still behind British articles 2.2 times. They are quoted half as frequently as the American ones and 1.6 times less frequently than even Chinese articles. In the total publication index, we are 16th. Despite positive dynamics, we are not in the place we should be. Russia should not be 16th.

Often, the older scientists in our country teach young scientists irrelevant things, irrelevant tasks, and the potential of the youth is simply not realised. It is necessary to bring back, or to be more precise, create conditions for the return of our best scientists that left the country, and to turn Russia into a magnet not only for them but also for the best foreigners both from neighbouring states and those further away. Generally, they should be provided with competitive conditions comparable to those in which they lived in the West or elsewhere and to those that their Russian colleagues have, including social packages.

I would like to add a few simple specific ideas. First, mega grants have created hundreds of advanced laboratories in Russia. It is necessary to create a system for keeping the recipients in Russia permanently. The existing instruments do not always maintain the status of these labs. After three to five years, a lab can disappear and its leading scientist may leave. Such scientists should be offered an opportunity to move to Russia for good.

Secondly, it makes sense to think about attracting innovative engineers to Russia. It may be possible to provide them with mega grants.

Thirdly, we should think about intellectual property benefits to encourage emigre scientists to return. The system here and abroad is that a university pays for a scientist's patent and owns it, while its initiator receives a certain share. It is possible to give a higher share in Russia to attract talented people.

Fourthly, to lower the barriers to the arrival of talent, they can be provided with long-term working visas, green cards or easy procedures for receiving Russian citizenship. Finally, we can use the successful experience amassed in different labs and departments of the leading Russian universities - Moscow State University, St Petersburg State University, the Higher School of Economics, and ITMO University. Our Skoltech and the Institute of Bio-Organic Chemistry have great experience. The Russian-speaking Diaspora has an enormous potential but it will be exhausted in 10 to 15 years for age reasons. So we do not have much time to encourage the return of these people.

I would like to remind my colleagues that Russia has a great record for attracting talent from the rest of the world. Russia has always been a magnet for talent. Let us recall that Landau returned to Russia after practical training in Europe for a year and a half, Mendeleyev came back after two years, Khariton after two years in England, Lomonosov after six years and Kapitsa after 13 years.

Foreigners have also done a great service to Russia. Let us recall the great Euler, Nicolaus and Daniel Bernoulli, Vitus Bering,Johann Gmelin and Peter Pallas, to name a few.

Vladimir Putin: Thank you very much. Your comments are very practical and interesting.

Mr Remorenko, you have the floor.

Rector of Moscow City Teacher Training University Igor Remorenko: Mr President, colleagues,

I also have a proposal regarding schoolchildren. I am currently working at the Teacher Training University. More than 30 years ago, I studied here, at the Novosibirsk University Physics and Math Department. Training in physics and mathematics was hard, and we went to the House of Scholars to meet with scientists who conducted international research. For example, I went to a class led by a professor who participated in international collaborative efforts to study the genesis of the origins of the music of Aboriginal people. It was fascinating. This was indeed an interdisciplinary effort that showed us that Russia could be a leader in such international, but on the face of it, not obvious, projects.

It is possible to involve international-level scientists in working with children, but infrequently, because this work is time-consuming, and scientists never seem to have enough time. Sirius and the Rosnano League of Schools have a pilot ***programme*** where school science problems are created on the basis of research projects. In other words, they can be transformed and methodically prepared to come up with new and advanced school manuals.

Maybe it makes sense to put together a library of global projects, such as "Russia in global science?" "Russia in global science" is about teaching aids replete with problems that represent intellectual challenges that schoolchildren can relate to, and solving these and working with them at school, we could very well support subject-specific classes, which are now gaining popularity (engineering, medical, and academic classes are now being created), and thus somehow get schoolchildren interested in major, serious science in the future.

Vladimir Putin: Thank you.

Please, Mr Parmon.

Valentin Parmon: Mr President, I would like to return to the critical issue of infrastructure development. We are doing pretty well creating unparalleled research installations, including those of the megascience class, and centres for the shared use of research equipment. Nonetheless, technology is a mandatory part of implementing the full-cycle projects envisaged in the Strategy for Scientific and Technological Development.

Including shared use national research and technology centres in the official category would be the right thing to do. In particular, they could be used to resolve the issues that have been mentioned twice here, namely, the production of chemical agents for Russian researchers. There are problems that a representative of the Ioffe Institute mentioned, specifically the creation of special one-of-a-kind instruments and instrument-based elements. That is, the research and technology centres must be part of the activities of the Federal Agency for Scientific Organisations or the Russian Science Foundation, or the Ministry of Science and Education. Unfortunately, they have largely fallen out from their custody.

Thank you.

Vladimir Putin: Once again, please clarify what the mission of these research and technology centres is?

Valentin Parmon: Let us assume that I am a chemist. In order for me to be able to scale my work beyond the test tube, I need a sizable amount of the necessary substance. Accomplishing this in one institute, or one laboratory, is an exercise in futility. There is, for example, the Volgograd branch of the Institute of Catalysis, which can cope with this task with its entire system of complex installations that make it possible to scale up a particular research result and ***produce***, if needed, ultrapure reagents, but in small quantities. Meanwhile, this most valuable chemical-science facility operated by the Russian Academy of Sciences since the late 1980's is not supported by the budget at all.

Vladimir Putin: That is, it is in place, it is just a matter of funding it.

Valentin Parmon: Yes, they should at least get some support covering their utility bills and so on.

Vladimir Putin: I see. Now I need more information about what and where exactly support is needed.

Mr Kozlov, please, you have the floor.

Vice President of the Russian Academy of Sciences Valery Kozlov: Mr President, colleagues,

Let me also make a few points on scientific and technological cooperation with foreign countries.

What Mr Kovalchuk said in his report about the role of mega-projects is correct. They are like locomotives pulling trains of new scientific results and new technology behind them. What is particularly important is that all this can and must be developed in our country.

Colleagues, we must certainly keep this in mind as a very important task, yet we must not forget about simpler and, I would say, no less effective and traditional tools of scientific cooperation.

If you will allow me, I will cite an example that is closest to me, namely the mathematical sciences. Of course, math, theoretical mathematics, is not that expensive: roughly speaking, it costs almost nothing. It is very important to look for, cast out a net and look for and support talented youth. We have spoken about this today. True, applied mathematics is a more expensive endeavour: just think of the need for super-computations, supercomputers. This is, of course, essential, but not everything is going well here.

But I will talk about theoretical mathematics. International cooperation has many aspects. I would like to remind you, Mr President, of your instructions to improve mathematics education in our country. By the way, much has been done and much has been said about this (the Sirius centre and so on), but, unfortunately, not all ideas, very interesting ones, which were outlined in this resolution have been realised. I mean the idea to create four international math science and education centres: in St. Petersburg, Moscow, Kazan and Novosibirsk.

Such centres have already been set up in Kazan and Novosibirsk at local universities and are already operating, as far as I know. As for Moscow and St. Petersburg, it was proposed to do all this based on our two outstanding institutes of mathematics: the Steklov Mathematical Institute in Moscow and its affiliate in St. Petersburg.

You see, it looks simple, and the Ministry of Education and Science and the Federal Agency for Scientific Organisations are both well aware of the matter, and it looks like some steps have been taken, but legal barriers stand in the way. Since our main task is scientific research, and these are science and education centres, with an education component, transferring funds poses quite a problem. Nevertheless, this is very important for us.

There is a very good base in St Petersburg. It is actually the Euler International Mathematical Institute, established exactly for these purposes. We have to revive it. And our Mathematical Institute, in fact, has everything to fully do so. All the more so that this issue is a serious priority since we have ventured to hold an international mathematical congress in our country, in St Petersburg, in 2022. Mr Dvorkovich heads our organising committee, and, knock on wood, everything seems to be all right for now.

An international mathematical congress will be held in Brazil this June, and the final decision will be taken there. Our standing is good. But in order to hold the congress, we must also hold so-called satellite conferences ahead of the congress and following it in our country, in St Petersburg, Moscow, Kazan, Novosibirsk and other cities, we must have adequate venues for that. We expect everything to be all right in this respect because we have the foundation.

Young scientists were awarded prizes today. It has been 10 years, and we have 30 winners over that period. Suffice it to say that one in 10 winners works at our Steklov Mathematical Institute. We have three such prizes. And this is crucial - so far not every institute can boast of at least one winner.

The second question is about how to keep our young people working in the country. Colleagues, where do we lose to the West in these matters? Sometimes, to be honest, in trifles. This post-doc idea, a temporary position to do research.

I can tell you that when we had institutes at the Academy of Sciences, we had a post-doc ***programme*** jointly with the Academy of Sciences Presidium. We involved up to 400 young people in the ***programme*** funded by the Academy of Sciences. What does 400 young people mean? It amounts to two small or medium-size institutes. Yet, you see, it was a competition, young scientists, by the way, participated in the selection of applicants, and the ***programme*** did work, and it worked efficiently.

I think if we do something like this in terms of creating jobs, even if temporary, for two to three years, following a contest for young scientists, using the capabilities of our foundations (they do a lot of useful things to support young scientists anyway, but I mean to say if we act on a more institutionalised level), I think this would be going in the right direction.

Vladimir Putin: On the whole, this is being revived. We already have such experience. However, this should undoubtedly be expanded. We have already spoken about graduate students who are not just moving on to the next educational stage but do real research, and this is also the absolutely right thing to do.

Concerning research and educational centres in Moscow and St Petersburg, we will definitely have it accomplished. I hope everything will be done to ensure the holding of the international event you mentioned.

Mr Nikitin, the floor is yours.

Winner of the Presidential Prize in Science and Innovation for Young Scientists: Mr President, thank you very much for the invitation. I would like to make a short remark and specify some points a bit.

Why is Russia good at hockey? Because we have rinks in every yard. Secondly, we have lots of snow and parents are not afraid to let their children play hockey. In this respect, I think a lot has been done; many facilities have been built; and science is being funded.

Nonetheless, some organisations in this country are still afraid to let intellectual property go. It is difficult for our young people to organise the business of their life, a startup company, because they will get a very small share of it.

I think Harvard gives 7 percent to innovators, whereas less popular German universities receive only royalties from sales. The entire share is given to the innovators, who feel this is their brainchild. The problem here is that it is unclear whether you will have this share or your employer will. I believe this is a very important variable for young people.

As for snow, we understand that it is bad to bury the country in snow. I often hear proposals to allow everyone to buy reagents wherever they want. I would say it is much more important to establish a mechanism, maybe a private one for the time being, that would allow scientists to buy reagents quickly.

We spoke today about grants from the Russian Science Foundation or the Russian Foundation for Basic Research. When a budget institution spends a grant from one of these foundations on buying a reagent directly from a foreign supplier, it should be freed from customs inspection and the process of delivery to a scientist should be accelerated. If this is done, we will have a limitless number of startups in the life sciences and we will leave WhatsApp behind in terms of capitalisation.

Thank you very much.

Vladimir Putin: Our internet commerce operates with almost no limitations from customs... yes, yes, containers arrive, something is written on them, and they do not know how to check it. Nevertheless, this is a problem, and it must addressed. We have to look into it more closely because it is impossible to release it from customs control completely. We have to create instruments that will not hamper research activity, that is what I mean.

Regarding the percentage that Mr Oganov spoke about, in essence it is the same. And I completely agree with you on that. We have to follow the path where it becomes evident - there is nothing to take from a researcher if nothing has been created. If we take more, nothing will ever be made here, so this is correct. These are remains from the past, this socialised consciousness.

Mr Fortov gave an example of how easily we solved some things in major fields but we cannot bring the old system back because under the previous system, when Sakharov was writing this paper... What did it say first? "Top secret."

And behind all that was the notorious 'nuclear physicist', the organiser of that work Lavrenty Beriya. Just try and not do it. This is why we cannot use the old methods here. As to the fact that these people write this way, just on one sheet of paper - yes, that is what they do, Mr Fursenko is right. However, when they need money, I assure you, I know that that amount of paperwork will not suffice, you see? Things are under strict control there too.

But I totally agree with all of you that the decision-making system should have less bureaucracy, it is obvious, this should be done in a modern way with the use of modern technology that ensures the interests of the state, that shelters people from something deceptive, from embezzlement or toxic or hazardous objects penetrating our market and our territory.

The agenda today is the Global Competitiveness of Russian Science. The point is not to win some medal. No. We just need to create conditions for the nation's development, but there will not be any development of the nation without the development of science. Conditions have to be created. This is what we have been discussing today.

Thus, I am grateful to Mr Kovalchuk for saying that we have to work on infrastructure as an anchor for attracting the best talent. Mr Parmon also spoke about that, and our colleagues as we met in a narrow circle with members of the Siberian Branch of the Academy of Sciences. Mr Sergeyev has suggested an entire ***programme*** - both a specific regional ***programme*** and a system-wide proposal.

Regarding international cooperation, this is extremely important as it makes our science part of the global scientific process. But this, too, is not a goal in itself. In this area, the same as in others, we must not create conditions under which cooperation leads to a further exodus. On the contrary, this must be done in such a way as to make cooperation work like a pump pumping our way.

And here, what Mrs Yershova said about the humanitarian aspect is certainly important. Without this, no researcher, young or middle-aged, if there is no humanitarian groundwork, I will not talk about patriotism here, although it is never out of place, if there is none, other research will become scholastic and it is unclear what the results might be not only for our country, but for the entire international community, because, as you know, a scalpel can be a life-saving instrument, but it can also be a criminal tool. So, the humanitarian aspect cannot be ignored either. Without exaggeration, I consider this very important.

I will not repeat now what, for example, Mr Oganov said, as well as our youngest speaker, today's laureate. We need to draft a list of tools that will make work here, in our country, attractive for all: for those who are already working at international laboratories and those who are not yet ***planning*** to leave. We need not be too concerned about it. In fact, there is a movement of ideas, people and staff in world science, flowing from one place to another - working here, working there - like in the arts, nothing so frightening.

What is frightening is if we fail to create conditions that make it interesting for people to work in our country. Then nothing will ever flow our way. So the main thing that we all must do is create the right conditions. When I say 'we all,' I mean both the state and the scientific community.

I hope very much that President of the Academy of Sciences Mr Sergeyev will rely on his colleagues, on the Presidium, on all who have contributed a lot to the development of Russian science, as well as young, fresh scientists, who came here after working at international centres.

It is certainly necessary, and we are thinking it over and will do this, to create conditions for promoting, and not only for promoting these mega-projects, but also for expanding these opportunities.

I met with you, with your colleagues, and you came up with wonderful proposals... By the way, I was happy that people, who worked here, our compatriots, who returned and worked here within the framework of mega-grants - they started talking about how to make it interesting for young Russian researchers to work here. And again, there was a range of proposals. We will put all this into practice, we will try not to forget anything. Generally, separate branches are also extremely important.

First of all, let me thank you, I will certainly use this in my Presidential Address [to the Federal Assembly], which is currently being prepared, and not for the mere sake of mentioning it, but to make your proposals a ***programme*** for our joint work.

Thank you very much.

Source: President of the Russian Federation website in English 0700 gmt 10 Feb 18

**Load-Date:** February 14, 2018

**End of Document**



[***Shell to sell its Downstream business in Argentina to Raízen***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S5X-RS81-F0K1-N1X8-00000-00&context=1516831)

M2 PressWIRE

April 25, 2018 Wednesday

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**Length:** 998 words

**Body**

April 24, 2018

Shell has signed an agreement to sell its Downstream business in Argentina to Raízen for US$ 0.95 billion in cash proceeds at completion, subject to customary closing conditions. The sale includes the Buenos Aires Refinery, around 645 retail stations, liquefied petroleum gas, marine fuels, aviation fuels, bitumen, chemicals and lubricants businesses, as well as supply and distribution activities in the country. Additionally, after the transaction closes, the businesses acquired by Raízen will continue their relationships with Shell through various commercial agreements, which represent an estimated value of US$ 0.3 billion.

Raízen, a joint venture set up in 2011 between Shell and Cosan, is a leading biofuels ***producer*** and fuels distributor in Brazil, where it already manages more than 6,000 Shell service stations.

"We ***plan*** to continue thriving in Argentina's downstream market through Raízen," John Abbott, Shell Downstream Director, said. "Raízen has already delivered significant value for us in Brazil and we will remain an important fuel supplier to Argentina under this deal."

Shell has been in Argentina for more than 100 years. The Shell brand will remain prominent through a licensing agreement with Raízen. Customers in Argentina will continue to enjoy access to high-quality, Shell-branded products and services.

The agreement is consistent with Shell's strategy to simplify its portfolio through a US$ 30 billion divestment ***programme***, and follows a ***strategic*** review of Shell's Downstream business in Argentina that began in August 2016. The agreement with Raízen is the result of a competitive bidding process and the sale is expected to complete later this year. It offers the opportunity to consolidate a regional partnership between Shell and Cosan.

The sale does not include Shell's Upstream interests in the Vaca Muerta shale formation. Shell sees substantial long-term growth potential in Argentina's shale resources.

Notes to editors

Raízen is a joint venture between Shell (50%) and Cosan (50%). Raízen is the leading ***producer*** of sugar, ethanol and bioenergy in Brazil, with 26 production units and 860,000 hectares of cultivated ***agricultural*** land, a network of more than 6,000 Shell stations, 950 Shell Select convenience stores and more than 2,500 business customers. In Brazil, Raízen is present in 68 airport supply bases and in 68 fuel distribution terminals, and sells approximately 25 billion litres of fuel for the transportation, industrial and retail segments. Raízen's current turnover is around US$ 24 billion per year.

Enquiries

Media Relations

Shell International Media Relations: +44 207 934 5550

Shell US Media Relations: +1832 337 4355

Investor Relations

International: +31 70 377 4540

North America: +1 832 337 2034

Cautionary Note

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this press release "Shell", "Shell group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to Royal Dutch Shell plc and subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this press release refer to entities over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations", respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

This press release contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition', "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "***plan***", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this press release, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products;

We may have used certain terms, such as resources, in this press release that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website [*www.sec.gov*](http://www.sec.gov).

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[***Food and drink industry calls for talent on tap***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PB5-BCC1-JDPH-B3RV-00000-00&context=1516831)

Scotsman

August 25, 2017 Friday

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**Length:** 1447 words

**Byline:** Anna Dove

**Body**

Scotland's food and drink sector is looking ahead to 2030 by preparing future generations for the workplace.

The creation of the Scotland Food & Drink partnership in 2007 brought a renewed focus to the skills agenda. As a sector, food and drink has come a long way in that decade, but people and skills remains an area in need of investment.

The first Skills Investment ***Plan*** was published in June 2012 with input from Skills Development Scotland (SDS), Scotland Food & Drink and the Scottish Government.

It had aims of bringing clarity to the scale and nature of the skills facing the sector, bringing focus to the scale and nature of the response required by both industry and the public sector to address these, and providing a framework for public and private sector investment in skills development to meet the needs of the industry.

A revised ***plan*** was published in January, setting out what still needs to be done to counter the challenges faced by businesses operating in Scotland's growing food and drink industry.

"The Skills Investment ***Plan*** is very much aligned with Ambition 2030," explains Gerry McBride, ***strategic*** relations manager, food and drink at SDS.

"One of the key things we are working on at the moment is creating a talent pipeline for the sector in recognition that the sector is growing.

"We are looking at all areas but there is a recognition that with new technology there is going to be a need for higher-level skills within the sector, people with ICT skills and engineering skills who will be able to work with the ever-changing technology in the industry."

SDS is developing a whole raft of new apprenticeship frameworks, from a foundation apprenticeship in food and drink to pique interest among school-age learners, to a craft brewing apprenticeship and a potential distilling ***programme*** in line with the trend for ***producing*** beer, gin and whisky in Scotland.

"We are also looking at developing a new graduate-level apprenticeship and that is very much focused on food science and food technology roles," adds McBride.

"Supermarkets are putting pressure on manufacturers to come up with new products and food scientists and food technologists are really critical in bringing those to market."

The apprenticeships aren't just aimed at new entrants either, with a real importance placed on businesses upskilling their existing workforce.

"Businesses also use [Modern Apprenticeships] for workforce development to upskill their current workforce and make sure they are more ambitious, more productive, and that they feel valued in that business," says McBride.

But while the ***plans*** laid out are pointing in the right direction and work is under way to ensure people with the right skills are coming into the industry, there are other challenges which don't necessarily relate to qualifications on paper.

For the most part, they apply to the food service and hospitality industry as opposed to manufacturers and ***producers***, but the two are not mutually exclusive in the barriers they face.

Rural businesses and those in remote areas are the hardest hit.

"From our own business perspective here on the Isle of Skye, I am concerned about everything from a rural point of view," says Shirley Spear, co-owner and former head chef at the Three Chimneys in Skye, and food and drink ambassador for the Highlands and Islands.

"I believe we are facing challenges in rural areas that perhaps the restaurant industry doesn't face in towns and cities on quite the same scale."

She highlights mobile phone coverage and connectivity which can be less reliable in rural areas and, with society so reliant on being online, it can be hard to attract the right staff.

"Business is at a distinct disadvantage competitively due to poor connectivity," says Spear.

Then there are issues around infrastructure and transport. "Although the journey to Skye is very beautiful, it is a long and tedious one, particularly on public transport.

"Once young people do move here we have issues with local transport, which is virtually non-existent in many parts of Skye and infrequent.

"For a number of years my ex-head chef refused to appoint anybody who couldn't drive and didn't own their own car.

"We have long abandoned that necessity just because we couldn't find enough people with that capability.

"Transport to and from work is a big expense for the business."

Affordable housing is another problem when it comes to recruiting the right people.

"It has become increasingly difficult to rent or for young people to buy affordable property, or find old-fashioned lodgings' for others who may be working with us for only a set number of weeks," says Spear.

"We need a very professional, highly-trained and skilled team in order to operate at gold five-star level all year round.

"The extent of knowledge and skills we demand of our team compared to the early years is enormous.

"I don't think the Scottish government, or local government, is listening hard enough to our concerns to help the hospitality and tourism sector with all of the issues mentioned.

"They are extremely realistic and very challenging for us and have a profound effect upon small businesses every day."

According to Spear, a stronger emphasis on home economics classes in schools is required to ignite interest in food and drink preparation at an early age.

"I know from my recent term of work on the Scottish Food Commission there has been less and less emphasis on learning home economics, and study at further education level has diminished at a result.

"This could help towards encouraging study in professional cookery, for example, which could lead to excellent jobs in hospitality."

SDS is working with schools across Scotland to promote careers in food and drink and showcase the different roles the industry requires from chefs to marketing and brand managers to farmers and food scientists.

"We have our My World of Work service which is an online channel that we deliver in schools with bespoke food and drink industry pages," explains McBride.

"We have video case studies with inspirational people who work in the sector talking about their route in and how much they enjoy their roles."

There's also SDS's food and drink ambassador network which sees a range of people from apprentices to managing directors visiting schools and attending careers fairs to offer advice and share their own experiences.

"We have a national ***programme*** where we link up a business and a school," continues McBride.

"We have had a biscuit manufacturer that went to a school to come up with an idea for a new product.

"They asked pupils to come up with a marketing strategy, a pricing strategy and the pupils worked in different teams.

"They then presented their work back to the business and through that the different roles within the business were highlighted, but it is also good in terms of a business raising its profile in the local community."

The Three Chimneys is an example of a business which invests in its staff and Spear is not alone in her understanding of the value that comes from enabling employees to develop and progress in the industry.

"As a business, we support the Hospitality Industry Trust (HIT) scholarships because they assist members of our own team to develop their careers while they are working with us and we provide opportunities for others to spend time with our team here on Skye.

"We are involved with the local branch of Developing the Young Workforce. We also provide professional training opportunities through the Wine and Spirit Education Trust and the Royal Academy of Culinary Arts.

"Scottish businesses need to lead the way and participate in encouraging young people to join the workforce as a serious career choice."

Employment outlook

- 114,700 people employed in farming, fishing, food and drink in Scotland in 2015.

- 27,000 new job opportunities expected to emerge in the next ten years.

- ***Agriculture*** is the largest sub-sector of the industry in employment terms, accounting for 56 per cent of all jobs in the sector.

- More than a third of people working in the food and drink sector are employed in skilled trade occupations.

- 1,500 Scottish companies supported with leadership development by Scottish Enterprise each year. Ten per cent of those are in the food and drink sector.

- Scottish Enterprise account-managed food and drink companies invested nearly £4 million in organisational development between 2013 and 2016.

- 96 per cent of registered businesses in the food and drink sector are small (micro) businesses employing fewer than ten people.

- 1,200 Modern Apprenticeship starts on food and drink related frameworks in 2014/2015, accounting for 5 per cent of all Modern Apprenticeship starts in 2014/2015.

**Load-Date:** August 25, 2017

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[***Revenues in Legal Cannabis Continue to Skyrocket as Demand for CBD Based Products Rapidly Explode in Popularity; MarketNewsUpdates.com News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P8J-9761-DXP3-R24S-00000-00&context=1516831)

PR Newswire Europe

August 17, 2017 Thursday 8:45 AM EST

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**Length:** 1542 words

**Dateline:** PALM BEACH, Florida, August 17, 2017

**Body**

Revenues being generated from the legal cannabis and marijuana market continues to push upward as leaders throughout the industry announce positive financial results and aim at surpassing initial benchmarks set last year. This growth in the multi-billion market is expected to get even stronger for companies such as: PotNetwork Holding Inc. (OTC: POTN), Cannabis Science Inc. (OTC: CBIS), Agritek Holdings Inc. (OTC: AGTK), Easton Pharmaceuticals Inc. (OTC: EAPH), American Cannabis Company Inc. (OTC: AMMJ).

PotNetwork Holding Inc. (OTC: POTN) is pleased to announce that based on earlier reported filed financial statements with OTCMarkets, PotNetwork is on track to exceed its projections set forth for 2017.With reported revenues of $5,077,625 for the first 6 months of fiscal 2017, and a net profit of 369,237, the Company concluded the first half of 2017 with a positive net cash flow of $395,009.Read this and more news for POTN at: [*http://www.marketnewsupdates.com/news/potn.html*](http://www.marketnewsupdates.com/news/potn.html)

When compared to the annual forecast of $8,300,000 set forth earlier this year, management expects that 2017 will conclude with significantly strengthened expectation.SeeThroughEquityrecently stated in an earlier Research Report, "The Company has made considerable progress over the last few years. Going forward in FY17, we expect POTN to increase revenues approximately 712% to $8.3 million through new product launches, aggressive marketing initiatives and entry into new markets." For details go to:[*https://www.otcmarkets.com/financialReportViewer?symbol=POTN&id=174795*](https://www.otcmarkets.com/financialReportViewer?symbol=POTN&id=174795)

"We remain steadfast in our efforts to build real value in our Company. The level of acceptance we are experiencing, can only be surpassed by our short and long-term vision for growth. As we continue to accelerate in sales performance, we embrace the opportunity to create a real and tangible success which we expect would ultimately be reflected in shareholder value," stated Gary Blum, Chief Executive Officer, PotNetwork Holding Incorporated.

In other industry developments and market performances of note:

Cannabis Science Inc.(OTC: CBIS) closed up strong on Wednesday up over 25% on Wednesday with over 25.1 million shares traded by the market close. The company yesterday announced, in conjunction with the Free Spirit Organics Native American Corporation, the initial harvesting of approximately 60 acres of industrial hemp on San Joaquin Sovereign Tribal Fee land MBS, California. The 2017 CBIS/FSO NAC MBS001 harvesting is a two-phase project, the first phase of the harvesting will be approximately 15-acres that is underway now, it is expected to be completed by the end of this month. Phase two will be the remaining 45 acres and is expected to be completed by the end of September 2017. "I am very pleased with the progress of our Native American initiatives; our Partners are second to none. They know the landscape, they know the process, they get it, and so do we. The industrial hemp commercial research scheduled for the 2017 CBIS/FSO NAC MBS001 harvest is extensive, initial research targets include extraction for medicines targeting critical ailments, wholesale distribution to physicians and licensed wholesale manufacturers, extraction research and development for fuel, construction materials, clothing, paper, food, vehicle production, and biomass soil, the industries are many and the numbers are immense.

Agritek Holdings Inc.(OTCQB: AGTK) also closed strong on Wednesday up over 44% on over 29.6 million shares traded by the market close. The company this week announced the timely filing of the Company's second quarter financial results for 2017. The filings may be viewed at[*http://www.AgritekHoldings.com*](http://www.AgritekHoldings.com) under the investors section or the following link:   [*https://www.otcmarkets.com/stock/AGTK/filings*](https://www.otcmarkets.com/stock/AGTK/filings). B. Michael Friedman, CEO of Agritek Holdings, stated, "We are pleased with the progress of our second quarter results and encouraged by the overall progress that we have made since uplisting to the OTCQX. Our first consulting revenues, initial release of newly branded products now in inventory, and the increased equity in our property portfolio including Colorado and Puerto Rico operations all show a ***strategic*** execution of our business strategy within the cannabis sector."

Easton Pharmaceuticals Inc.(OTC: EAPH) this week announced it has advanced $575,000 towards its acquired interest in 45 acres of a 135-acre fully owned parcel of land for the cultivation, production and sale of medical/recreational marijuana to the cannabis industry and towards other revenue ***producing*** businesses. Pursuant to the agreement, Easton Pharmaceuticals has thus far paid $575,000 CDN of $1.3 million CDN to Toronto based Alliance Group to acquire an interest in 45 acres of ***agriculturally*** zoned land north of Toronto, Ontario, Canada to cultivate, ***produce*** and facilitate the sale of its production of medical marijuana and other lucrative revenue ***producing*** businesses on a co-managed basis. Alliance has already initiated the process to legally grow medical/recreational marijuana which it anticipates receiving and conveying positive news on within the next 30 to 60 days.

American Cannabis Company Inc.(OTCQB: AMMJ) closed up over 10% on Wednesday at $0.775 trading over 1.4 million by the market close. The company announced on Tuesday it has secured a client in the state of California. This client seeks to acquire a license that will permit them to dispense medical cannabis to patients. ACC has been contracted to complete operational ***planning*** activities, to provide conceptual design work for a retail dispensary location, to assist with 2017 city permitting, and to help with 2018 state application completion. Upon the client being awarded a city permit, ACC will be further retained in the dispensary deployment process where the consulting firm will provide facility staffing solutions, a customized set of operational workflow procedures, and remote operational monitoring support. ACC expects to leverage this contract to secure additional revenues through long-term consulting agreements and future sales of ancillary products, as this client is looking to seek licensure for the California recreational/adult-use cannabis ***program*** in the near future.

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This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" describe future expectations, ***plans***, results, or strategies and are generally preceded by words such as "may", "future", "***plan***" or "***planned***", "will" or "should", "expected," "anticipates", "draft", "eventually" or "projected". You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risks that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, and other risks identified in a company's annual report on Form 10-K or 10-KSB and other filings made by such company with the Securities and Exchange Commission. You should consider these factors in evaluating the forward-looking statements included herein, and not place undue reliance on such statements. The forward-looking statements in this release are made as of the date hereof and MNU undertakes no obligation to update such statements.

Contact Information:

Media Contact email:

[*info@marketnewsupdates.com*](mailto:info@marketnewsupdates.com)

+1(561)325-8757

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[***Europe's Quarter-billion Dollar Lithium Battery Carrot to Benefit Lithium Suppliers, Further Boost Demand; USA News Group News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R1N-K0H1-DXP3-R1WF-00000-00&context=1516831)

PR Newswire Europe

November 24, 2017 Friday 9:00 AM EST

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**Length:** 2349 words

**Dateline:** LOS ANGELES, November 24, 2017

**Body**

USA News Group- Demand for lithium is set to rise yet again, with therecent announcement of the European Commission'slatest increase of funding efforts to "kick start concrete projects," in order to scale-up lithium battery manufacturing on the continent.

As Europe scales up its lithium demands, along with further pressures from Asian and North American manufacturers, the benefactors who will be responsible for supplying those extra demands will be the world's lithium companies, including QMC Quantum Minerals Corp. (TSX-V: QMC) (OTC: QMCQF), Albemarle (NYSE: ALB), FMC Lithium (NYSE: FMC), Orocobre Limited (TSX: ORL) (OTC: OROCF), and Pure Energy Minerals (TSX-V: PE) (OTC: PEMIF).

An additional (EURO)200 million (US$235.53 million) was allocated by the European Commission as part of its Horizon 2020 ***program***, designed to incentivize further innovation and research in targeted areas. This injection is on top of the already (EURO)150 million the commission had devoted to battery research and innovation.

As much of the world's lithium demands are coming from the consumer electronics market, the coinciding surge in grid storage and infrastructure upgrade demands is often overlooked. While analysts point to Electric Vehicles (EVs) and portable devices as the driver for lithium's boom, renewable and grid storage applications of lithium-ion battery technology are expected to surpass the USD $12 billion mark by 2024.

To meet those rising demands, most of the world's current lithium production comes from a small handful of large companies, while fresh ideas and exploration are coming from forward-looking junior companies that are working hard to bring on the world's next new lithium supplies.

One new lithium player making its mark as a result of this wave of new lithium demand is QMC Quantum Minerals Corp. (TSX-V: QMC) (OTC: QMCQF), which is seeking to put Canada's hard-rock lithium reserves firmly on the map. Through developing a large historical resource in Manitoba, QMC is banking on capturing the advantages of operating in one of the most mining friendly jurisdictions in the world.

Meanwhile, the majors aren't holding back their efforts to also expand their lithium reserves, and developing their assets to bolster development and race to meet rising demand. These companies includeAlbemarle(NYSE: ALB),FMC Lithium(NYSE: FMC),Orocobre Limited(TSX: ORL) (OTC: OROCF), andPure Energy Minerals(TSX-V: PE) (OTC: PEMIF).

EU'S IMPACT ON LITHIUM DEMAND

Under the "***strategic*** work ***programme***" Horizon 2020, funds from the European Commission will be directed towards innovation and research in a variety of areas. The funding will work in congruence with the coordinated efforts of academics and industry, which too have been endowed with approximately (EURO)30 billion in total funding from the European Union.

The primary push from the latest cash injection has been targeted towards more lithium-ion battery research and development particularly regarding the electrification of transport, and the commission's goals outlined in its "Delivering on low emission mobility" paper.

"From an industrial perspective, the growth in demand will require major investments in the battery value chain between now and 2025, including a massive upscale of battery cell manufacturing," the European Commission stated in the paper.

"We are therefore presented with a clear opportunity for Europe to attract investments along the value chain to the EU. Europe therefore needs to urgently take decisive steps towards establishing a complete value-chain for the development and manufacturing of advanced batteries in the EU."

Much of the draw on battery demands will also come from the dawn of a renewable energy revolution on the continent. Germany alone saw its annual electricity demand from renewable energy sources grow to 30% of the country's total output in 2015.

And the European Commission wasn't done with its impact just with the Horizon 2020 funding. The EU's regulatory arm alsorecently proposed a 30% reduction in CO2 from cars by 2030, forcing yet another shock to lithium demands, and sparking car manufacturers from around the world to ramp up their EV production for consumers scrambling to get away from the catalytic converter.

UK NOT TO BE OUTDONE

Soon-to-be Ex-EU member state, the UK, is also throwing its hat into the battery business, having set up the "Faraday Challenge" over the next two years-an investment totaling £246 million (US$320 million).

First announced in the spring of this year, the UK's promised funding is set to be feathered out over a four year span as part of the government's current industrial strategy of holding competitions.

"The work that we do through the Faraday Challenge will - quite literally - power the automotive and energy revolution where, already, the UK is leading the world," said British Business Secretary and Minister Greg Clark earlier this year.

So far the push in the UK is working, as registrations of Ultra Low Emissions Vehicles (ULEVs) haveincreased 1,864% since 2011.And it's no wonder British drivers are making the switch, as there is a looming ban on sales of all petroleum powered vehicles by 2040.

QMC QUANTUM MINERALS PRIMED FOR DEVELOPMENT

With all signs pointing towards an ongoing rise in demand coming from Europe and other continents in the world for lithium-based battery technology, the time is right for newcomers in the lithium production space to emerge-Canadian junior mining company QMC Quantum Minerals presents a strong case for being next in line.

By focusing its development in the extremely mining friendly jurisdiction of Manitoba, Canada, QMC has positioned itself in the second best mining district on the planet, according to a global survey.

Manitoba has everything a miner could ask for, including very competitive tax regimes, smooth and efficient permitting procedures, with consistent and fair environmental regulations and land-claim handling.

These advantages factored heavily into QMC's decision to pursue their current lithium development project. Now known as the Cat Lake Lithium Property, QMC acquired what was formerly known as the Irgon Mine back in 2016.

Since then, the company has actively pursued the potential that their team knows to be there.

The Cat Lake property is only 20km away from the world-class Tanco Mine, which was once North America's largest and sole ***producer*** of spodumene (Lithium).

Historical drilling spanning 1953-54 on the Cat Lake discovery yielded a massive resource estimate of 1.2 million tonnes, grading 1.51% Li20 over a 365-meter strike length, and to a depth of 213 meters. Should those historical estimates hold up today, QMC is sitting on a very significant amount of lithium that in today's market would be a no-brainer to bring to production, either through an off-take agreement with a buyer, or through conventional means.

The geological brain trust inside QMC stands firm that there's no reason to doubt the estimates of yesteryear, and are already actively drilling and stripping their way towards bringing the resource estimate into modern day compliance.

The belief is that with more development work, the team can not only prove up the lithium resource, but also extend the known strike length, and increase that tonnage in play.

With an onslaught of new lithium-ion battery developers, and a sea change towards drivers parking EVs in every garage by 2040, there's reason to believe there's a potential off-take buyer (either already established or soon-to-be formed from the EC and UK's R&D injections) that will come and finance the rest of the way toward QMC's eventual production in the coming years.

But as Europe is set to push demand up, it'll have to compete with Chinese buyers first, asChina's lithium prices just hit a record high last month. With lithium prices not looking to slump any time soon, there will be pressure on the market for quick-to-turnaround lithium sources like QMC Quantum Mineral's Cat Lake Project in the crosshairs of the next round of buyers.

POTENTIAL COMPARABLES

Albemarle(NYSE: ALB)

Albemarle Corporation globally develops, manufactures, and markets engineered specialty chemicals. The company offers lithium compounds, including lithium carbonate, lithium hydroxide, lithium chloride, and lithium specialties and reagents for applications in lithium batteries, high performance greases, thermoplastic elastomers for car tires, rubber soles and plastic bottles, catalysts for chemical reactions, organic synthesis processes, life science, pharmaceutical, and other markets; cesium products for the chemical and pharmaceutical industries; and zirconium, barium, and titanium products for pyrotechnical applications. Albemarle Corporation was founded in 1994 and is based in Charlotte, North Carolina.

FMC Lithium(NYSE: FMC)

FMC Lithium is a subsidiary of the FMC Corporation, which is a diversified chemical company, that provides solutions, applications, and products for the global ***agricultural***, consumer, and industrial markets. FMC Lithium offers lithium for use in batteries, polymers, pharmaceuticals, greases and lubricants, glass and ceramics, and other industrial uses. FMC Corporation was founded in 1884 and is headquartered in Philadelphia, Pennsylvania.

Orocobre Limited(TSX: ORL) (OTC: OROCF)

Orocobre Limited explores for and develops lithium and potash deposits in Argentina. Its flagship project is the Salar de Olaroz lithium project located in north-west province of Jujuy. The company also ***produces*** boron minerals and refined chemicals. Orocobre Limited is based in Milton, Australia.

Pure Energy Minerals Limited(TSX-V: PE) (OTCQX: PEMIF)

Pure Energy Minerals Limited is a lithium exploration and development company that engages in the acquisition, exploration, and development of mineral properties. Its primary project includes the Clayton Valley South Lithium Brine Project located in Clayton Valley, Esmeralda County, Nevada. The company was formerly known as Harmony Gold Corp. and changed its name to Pure Energy Minerals Limited in October 2012. Pure Energy Minerals Limited was incorporated in 2007 and is headquartered in Vancouver, Canada.

For a more in-depth look into QMC you can view the in-depth report at USA News Group: [*http://usanewsgroup.com/2017/11/19/junior-lithium-miners-are-seeing-serious-upside-as-lithium-demand-soars/*](http://usanewsgroup.com/2017/11/19/junior-lithium-miners-are-seeing-serious-upside-as-lithium-demand-soars/)

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[*info@usanewsgroup.com*](mailto:info@usanewsgroup.com)

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Media Contact Information:

FN Media Group, LLC

Media Contact [*e-mail:editor@financialnewsmedia.com*](mailto:e-mail:editor@financialnewsmedia.com)

U.S. Phone: +1-(954)-345-0611

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[***Register of Commission documents: European Parliament resolution of 14 November 2017 on the deployment of cohesion policy instruments by regions to address demographic change (2016/2245(INI)) Document date: 2017-11-14 P8\_TA-PROV(2017)0427 Texts adopted (provisional edition***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R6T-YHX1-JDG9-Y2CM-00000-00&context=1516831)

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**Body**

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European Parliament 2014-2019 TEXTS ADOPTED Provisional edition P8\_TA-PROV(2017)0427 Deployment of cohesion policy instruments by regions to address demographic change European Parliament resolution of 14 November 2017 on the deployment of cohesion policy instruments by regions to address demographic change (2016/2245(INI)) The European Parliament, having regard to Article 174 and Article 175 of the Treaty on the Functioning of the European Union (TFEU), – having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European ***Agricultural*** Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/20061, – having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/20062, – having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/20063, – having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal4, – having regard to Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European 1 OJ L 347, 20.12.2013, p. 320. 2 OJ L 347, 20.12.2013, p. 289. 3 OJ L 347, 20.12.2013, p. 470. 4 OJ L 347, 20.12.2013, p. 259. grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings1, – having regard to its resolution of 4 February 2016 on the special situation of islands2, – having regard to Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/20063, – having regard to its resolution of 4 April 2017 on women and their roles in rural areas4, having regard to its resolution of 10 May 2016 on cohesion policy in mountainous regions of the EU5, having regard to its resolution of 9 September 2015 on the Report on the implementation, results and overall assessment of the 2012 European Year for Active Ageing and Solidarity between Generations6, having regard to its resolution of 10 May 2016 on new territorial development tools in cohesion policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD)7, having regard to its resolution of 15 November 2011 on demographic change and its consequences for the future cohesion policy of the EU8, having regard to its resolution of 11 November 2010 on the demographic challenge and solidarity between the generations9, having regard to its resolution of 22 September 2010 on the European strategy for the economic and social development of mountain regions, islands and sparsely populated areas10, having regard to its resolution of 21 February 2008 on the demographic future of Europe11, having regard to its resolution of 23 March 2006 on demographic challenges and solidarity between the generations12, having regard to the Commission’s report entitled ‘The 2015 Ageing Report.

Economic 1 OJ L 347, 20.12.2013, p. 303. 2 Texts adopted, P8\_TA(2016)0049. 3 OJ L 347, 20.12.2013, p. 281. 4 Texts adopted, P8\_TA(2017)0099. 5 Texts adopted, P8\_TA(2016)0213. 6 OJ C 316, 22.9.2017, p. 145. 7 Texts adopted, P8\_TA(2016)0211. 8 OJ C 153 E, 31.5.2013, p. 9. 9 OJ C 74 E, 13.3.2012, p. 19. 10 OJ C 50 E, 21.2.2012, p. 55. 11 OJ C 184 E, 6.8.2009, p. 75. 12 OJ C 292 E, 1.12.2006, p. 131. and budgetary projections for the 28 EU Member States (2013-2060)’ (European Economy 3/2015), having regard to the Commission’s sixth report on economic, social and territorial cohesion entitled ‘Investment for jobs and growth: Promoting development and good governance in EU regions and cities’ of 23 July 2014, having regard to the Commission communication of 26 April 2017 entitled ‘An Initiative to support work-life balance for working parents and carers’ (COM(2017)0252), having regard to the Commission communication of 29 April 2009 entitled ‘Dealing with the impact of an ageing population in the EU (2009 Ageing Report)’ (COM(2009)0180), having regard to the Commission communication of 10 May 2007 entitled ‘Promoting solidarity between the generations’ (COM(2007)0244), having regard to the Commission communication of 12 October 2006 entitled ‘The demographic future of Europe – from challenge to opportunity’ (COM(2006)0571), having regard to the Commission communication of 16 March 2005 entitled ‘Green Paper: “Confronting demographic change: a new solidarity between the generations”’ (COM(2005)0094), having regard to the Commission communication of 6 May 2015 entitled ‘A Digital Single Market Strategy for Europe’ (COM(2015)0192), having regard to the opinion of the European Committee of the Regions of 16 June 2016 on the EU response to the demographic challenge1, having regard to the study of September 2013 of the European Parliament Directorate-General for Internal Policies, Department B: Structural and Cohesion Policies, entitled ‘How can regional and cohesion policies tackle demographic challenges?’, having regard to the ESPON publication on ‘Revealing territorial potentials and shaping new policies in specific types of territories in Europe: islands, mountains, sparsely populated and coastal regions’2, having regard to Rule 52 of its Rules of Procedure, having regard to the report of the Committee on Regional Development and the position in the form of amendments of the Committee on Women’s Rights and Gender Equality (A8-0329/2017), A. whereas demographic change is a genuine issue in Europe and across the globe and a key challenge, not just in general, but also for local development and territorial enhancement policies in the EU today, together with employment-related issues, 1 OJ C 17, 18.1.2017, p. 40. 2 ESPON Working Paper. Luxembourg, ESPON EGTC, March 2017. uncontrolled globalisation, climate change, the transition towards low-carbon economies and the challenges posed by the industrial and technological shift and social and economic inclusion; B. whereas, as is the case in most post-industrial societies, the population of Europe has been characterised by increasing longevity and low fertility rates for several decades, which is liable to alter the population structure and age pyramid, and entail side-effects of a shrinking working age population and aging population; whereas the economic crisis which has affected the entire European Union has had a strong impact on many areas and regions, particularly the countryside, and has, most notably, generated poverty and caused depopulation; whereas a persistent gender pay gap and increasing pension gap strongly hinder the participation of women in the labour market; C. whereas rapid population growth in developing countries and demographic decline of the EU population is projected to translate into the shrinkage of the European Union’s percentage share of the world’s population from 6,9 % in 2015 to 5,1 % in 20601; D. whereas it is projected that 132 out of 273 NUTS level 2 regions will see a decrease in population between 2015 and 20502; whereas this decrease will affect Local Administrative Units (LAUs) in particular; E. whereas the top priority for the European Union and all the Member States is to promote growth that is at once smart, sustainable and inclusive; F. whereas geographical or demographic features serve to exacerbate development problems; whereas, for this reason, the Treaty of Lisbon added territorial cohesion to the goals of economic and social cohesion; G. whereas demographic change does not affect all countries and regions in a uniform manner, on account of both its natural dynamics and the migratory movements that it entails, with the majority of urban and, in particular, metropolitan areas experiencing a population gain and most rural and remote areas experiencing a decline, the picture being very mixed in the outermost regions; whereas such imbalances represent major challenges both for territories suffering from depopulation and for those experiencing a population influx; whereas isolated areas and areas to which access is limited are the most exposed to demographic decline; whereas, on the other hand, attention should be drawn to the effects of ‘suburbanisation’, which, as a consequence of a large population movement from big cities to their surrounding areas, puts pressure on both local and regional authorities; H. whereas European regions are not unbroken expanses of territory; whereas they can contain pockets of unemployment or poverty and face particular challenges, especially as regards demographic change, making it vital to set up targeted instruments to reduce sub-regional disparities and help bring about a better territorial balance in terms of urban, peri-urban, and rural areas; I. whereas women, and single mothers in particular, are more exposed to poverty and exclusion; 1 Eurostat, ‘The EU in the World’, 2016 edition. 2 Eurostat, ‘Eurostat Regional Yearbook’, 2016 edition. J. whereas demographic change poses a challenge in ensuring the social cohesion and well-being of the whole population, and in encouraging balanced economic development; whereas demographic change has repercussions on infrastructure and the accessibility and quality of services, which translates into connectivity divides or medical deserts and is often the result of insufficient links between urban and rural populations; K. whereas demographic change involves major policy challenges in different areas linked to a wide range of cohesion policy fields; whereas regional policy, and its European Structural and Investment (ESI) Funds, including the Cohesion Fund, are key instruments for addressing this change; L. whereas non-urbanised areas in the European Union are home to 113 million people, 12 million farms and 172 million hectares of ***agricultural*** land and make an extensive contribution to European economies, cultures and ecosystems; M. whereas adequate infrastructure and an adequate level of services are important factors in managing the population structure in regions that are sparsely populated or suffering from emigration, where the importance of investment and jobs is greater; N. whereas proper infrastructure and access to public services and high-quality jobs are important factors influencing the decision whether or not to stay in a particular area; O. whereas women are more exposed to poverty and social exclusion than men – all the more so when they are aged over 60; P. whereas demographic change has a greater impact on regions which are lagging behind; Q. whereas demographic change affecting rural areas has economic and social consequences, causes territorial fragmentation and affects quality of life and the environment, all in addition to its serious demographic consequences; R. whereas gender equality is a fundamental right, a common value of the EU and a necessary condition for achieving the EU objectives of growth, employment and social cohesion; S. whereas gender equality represents an important tool for economic development and social cohesion; T. whereas negative demographic change increases the demand for stronger solidarity between generations; General 1. Stresses that demographic change entails major economic, social, fiscal and environmental pressures on Member State governments and regional and local authorities in terms of providing public services, especially welfare and social services, building and managing infrastructure, and ensuring the preservation of ecosystems through sustainable spatial ***planning***; stresses that these pressures will be exacerbated by a declining active population and a higher dependency ratio; underlines the crucial role of high-quality public and private services; underlines the importance of accessible high-quality and affordable public and private services as a tool for ensuring gender equality; 2. Considers that demographic change should be tackled in a coordinated manner through the action of all European, national, regional and local authorities and by pursuing adaptation strategies reflecting local and regional realities and delivering effective multi-level governance both in the architecture of these specific policies targeted at particular regions and in their implementation; is of the opinion that such a coordinated and integrated response should seek to improve the quality of life of citizens and provide them with better economic opportunities, and should seek to invest in the quality, availability and affordability of social and public services in the regions concerned; considers, furthermore, that civil society representatives and other stakeholders should be involved; points out that a comprehensive approach of any kind must reflect the role of cities, rural areas, fishing and coastal areas as well as areas confronted with specific problems linked to their geographical or demographic situation, and that, therefore, said approach will also have to take account of the specific challenges posed by the outermost regions, northernmost regions with very low population density and islands, cross-border and mountain regions, as expressly acknowledged in the Lisbon Treaty; calls on the Member States and the Commission to take into account the effects of different policies on gender equality and demographic change; 3. Recognises that demographic change, while creating new challenges, also brings development opportunities at a local level, as a result of shifts in demand in urban societies, especially with regard to food, leisure and rest, through the potential of ***agriculture***, forestry and fishing to ***produce*** high-quality, safe and distinctive products; considers that rural tourism in general and ecotourism, e-commerce, community-based services and the silver economy in particular also provide opportunities for development at a local level, enhancing the value of domestic ***agricultural*** or non-***agricultural*** products, such as handicrafts, embroidery and ceramics, via the European system of the protection of geographical indications; underlines in this respect the importance of smart specialisation strategies for supporting regions and local territories in identifying high value-added activities and for building attractive innovation ecosystems on the basis of a genuine multi-functional rural development strategy that incorporates the circular economy into regional ***planning***; points out that agri-tourism, which helps to maintain a dynamic lifestyle in rural areas, is also a significant sector; highlights the importance of social dialogue and the inclusion of social partners together with other local stakeholders and authorities at all stages of ESI Fund ***programming*** and implementation for better anticipating the effects of demographic change on local labour markets and developing new strategies addressing such challenges; Characteristics of demographic change in the EU 4. Notes that the main problems relating to the demographic change currently experienced in many parts of the EU are aging brought on by disruption of the age pyramid, a drop in birth rates and subsequent drastic drop in infant and youth populations, constant population loss, skilled workforce shortages, a lack of jobs, young people moving away for want of job opportunities and changes in demographic structure; recognises that the current ***agriculture*** policy, the loss of traditional activities, products, production systems, labour force and local know-how, the invisible work done by women, the lack of entrepreneurship, regions lagging behind or unable to compete owing to a lack of investment, or loss of biodiversity, and loss of woodland to shrubs and fire risk, are further significant problems connected with demographic change; underlines that the impact of these trends differs significantly from one region to another, partly on account of the movement of people to big urban centres in search of jobs; 5. Stresses that one of the main objectives of an EU demographic policy should be to take into account all territories having to contend with demographic imbalances and the specificities of those territories, factors which cohesion policy has long been seeking to adapt to, and will have to do much more to adapt to after 2020; emphasises the fact that while demographic change affects all areas, whether rural or urban, its implications differ and depend on different factors such as the intensity and speed at which change occurs or whether it affects regions with net immigration or regions with a shrinking population; 6. Stresses the need to promote and support small and medium-sized mountain and rural farms which, by using traditional techniques and production methods that exploit natural resources – such as pastures and different types of forage crops – in an integrated and sustainable manner, ***produce*** products with specific quality characteristics and could serve to reverse or decrease depopulation in those areas; 7. Stresses that those demographic phenomena affecting the Union are not new, but have now increased with an unprecedented intensity, in particular as a result of social and economic pressures; draws attention to the steady increase in the number of elderly people – around 2 million people every year reach the age of 60 – which impacts on spatial, housing and transport ***planning*** and on other types of infrastructure and services; notes with concern that regions characterised by a sharp decline in working-age population will be particularly hard hit by demographic challenges; recognises that lack of investment, poor infrastructure, low connectivity rates, limited access to social services and a lack of jobs are key contributory factors to depopulation; stresses that demographic changes can have a considerable impact on pensions and on environmental sustainability in particular, as the depopulation of rural areas and increasing urbanisation affect eco-systems, nature conservation and the use of natural resources, with particular repercussions on urban land use, infrastructure, housing markets and greenery; 8. Considers that the gender dimension of demographic change should be taken into account in a cross-cutting manner, as regions experiencing demographic decline also suffer from gender and age imbalances due to out-migration; believes that the challenges presented by demographic change can and must be addressed within a policy framework propitious to gender equality, which is why gender must be factored into debates on all matters connected with demographic issues; considers, therefore, that the implementation of gender mainstreaming within all ESI Funds should be further strengthened in the future; 9. Recalls that the Europe 2020 Strategy addresses demographic challenges in most of its seven flagship initiatives, which were designed to overcome the problems of and establish vital priorities for the EU in the fields of employment, innovation, education, poverty reduction, and climate and energy; points out that a fundamental part of implementation of the strategy and its flagship initiatives is based on financial support through cohesion policy instruments, including provisions to tackle population change and aging, and that these dimensions need to be stressed in all European Union instruments; 10. Considers that the challenges of declining and aging populations will require objective, thorough and comprehensive reassessments of many established economic, social and political policies and ***programmes***, which will need to incorporate a long-term perspective; Coordination of EU policies 11. Calls for a greater coordination of EU instruments, in particular the common ***agricultural*** policy (CAP), ESI Funds, including the Cohesion Fund, European Territorial Cooperation, the European Fund for ***Strategic*** Investments (EFSI) and the Connecting Europe Facility, so as to ensure a more comprehensive approach to demographic change; suggests that, given that the mechanisms employed so far have not held back the advance of demographic imbalances, a review of existing policies and of the functioning of all such mechanisms is required; welcomes, in this context, the efforts made to maximise synergies between the ESI Funds and EFSI; calls on the Commission once more to propose a strategy on demographic change which prioritises the following fields: decent employment and good-quality industrial relations, paying special attention to new forms of work and their social role; the territorial aspect of policies promoting economic activity and employment; the promotion of infrastructure as a factor in business location, so territories facing demographic challenges become accessible and competitive; widespread ICT cover competitive as regards both quality and price in territories with a lower population density; the provision of basic welfare state services in territories facing demographic challenges; local public transport to ensure access to public services; policies designed to ensure a better balance between family and professional commitments, sustainable generational renewal and adequate care for dependent persons; policies on the reception, integration and return of migrants and refugees under international protection; and the extensive use of new, more attractive settings for conveying information about rural life; underlines the importance of existing initiatives such as the European Innovation Partnership on Active and Healthy Ageing, Ambient Assisted Living and the EIT Digital and Health Knowledge Innovation Communities; calls on the Commission to take into account the solutions already developed by these initiatives when addressing the demographic challenges faced by European regions; stresses the importance of the European Qualifications Framework for Lifelong Learning as a way of supporting education and training in areas at risk of depopulation; considers that the better regulation agenda should require the impact analysis conducted prior to any EU legislative initiative to include the effects the latter may have on demography; 12. Highlights the importance of the EU incorporating demographic considerations throughout the policy spectrum, including in its budget headings, in order to enable the development of these policies, particularly in cohesion, employment, ***agriculture***, environment, the information society, RDI (research, development and innovation), employment, education, social policy, and transport; considers that the findings of demographic impact reports need to be incorporated into the design of its policies and demographic criteria factored into the assessments of those policies’ outcomes and undesired effects with a view to favouring an approach to demographic change that includes the involvement of regional and local authorities; is of the opinion that special attention should be paid to rural areas which face these demographic problems particularly acutely; highlights, in this context, the potential of the Smart Villages initiative, whereby with modern technologies such as 5G and innovation, rural communities can be revitalised; stresses, in addition, the importance of strengthened cooperation between rural and urban areas; highlights the importance of providing universal access to high-quality and affordable public services and infrastructures, including digital public services and infrastructures, particularly for children, young people and the elderly, in order to foster social inclusion, ensure gender equality and alleviate the effects of demographic change; stresses the importance of providing new opportunities for paid employment, particularly in areas at risk of depopulation, in order to preserve communities and create the conditions to facilitate a satisfactory life-work balance; considers it important to insist on a global geographical vision for urban and rural areas as complementary functional spaces; stresses that greater integration between the various funds is needed, in order for there to be genuine participatory and sustainable local development; points out that EU demographic policy should aim to be more complete and more coordinated with Member States and horizontally; recalls that the European Union does not just contribute funds for regional development but also shapes to a large extent the capacity of local and regional authorities to use their own funds to combat social territorial inequalities; stresses that even if, as a result of modernising state aid, those exceptions for which notification is not required have been simplified and increased in number, the current framework is still very complex and burdensome for smaller regional and local authorities; considers that, even if public procurement regulations were simplified in 2014, there are still too many obstacles for small local and regional authorities to be able to improve the economy of these sensitive areas; 13. Considers that that the EU should support migration and inclusion policies in the Member States, by respecting the rights and competencies of those Member States, as well as the subsidiarity principle, in order to minimise negative demographic trends; highlights the significant role of family-creating and family-supporting policies; considers that local and regional bodies should be authorised to implement successfully integration policies on the ground; takes the view that local and regional authorities should be active participants in measures taken to address demographic challenges; calls for the annual growth survey and the country-specific recommendations to consider regional disparities and imbalances between regions within the Member States; believes that in border regions such cooperation must reflect both the demands and scope for cross-border initiatives; suggests that training ***programmes*** be developed in this field in order to create a better understanding and greater awareness of the issues involved; considers that tackling demographic problems must have an integral throughout Europe and that solving a problem in one part of the continent should not have negative effects on other areas in Europe; calls for the creation, at a pan-European level, of networks for the exchange of good practices and experiences through which local and regional authorities, as well as civil society stakeholders, can educate each other on addressing issues created by demographic change; Enhancing the effectiveness of European funds 14. Stresses that ESI Funds must address demographic change more effectively in the next ***programming*** period, by means of: a greater, better targeted focus on demographic change as a priority area in final regulations and in guidelines to support Member States, regions and local governments, exploring the potential of ESI Funds for the purposes of addressing demographic change and devising and implementing association agreements and operational ***programmes***; a more proactive approach in demographic policy-making and the exchange of good practices and experiences for institutional learning; technical support for managing authorities and local stakeholders in implementing effective policies addressing demographic change at both national and regional levels; and the obligatory active participation of local authorities in the design, management and in-house evaluation of ***programmes*** implementing funds and the necessary identification of regions faced with demographic challenges at NUTS 3 and LAU level; encourages the provision of technical support and training for local stakeholders and the managing authorities for the purposes of implementing effective policies addressing demographic change at national, regional and local level; takes the view that, in some Member States, subsidies at NUTS 2 level often conceal socio-territorial, intra-regional and even supra-regional inequalities; calls for the EU’s maps to use a scale sufficient to reflect territory-related problems so that they may help target support to the most disadvantaged areas; 15. Asks that the European Regional Development Fund (ERDF) make a greater contribution to and provide more support towards helping areas with high aging, rurality and population outflow indices to improve their transport and telecommunications infrastructure, bridge the digital divide (including between generations), and enjoy better public services; stresses, in this context, the importance of the field of e-health; calls on the Member States and regions to better target available investments to address demographic changes and their impact; 16. Urges the Commission to use cohesion policy measures to put a brake on increasing migration out of sparsely populated regions, where adequate infrastructure and an adequate level of services are essential preconditions, particularly for retaining families with children; 17. Stresses that the European Social Fund (ESF) should step up its work in training and educating young people, and should promote employability and help people strike a better work-life balance and combat the social and digital exclusion of elderly persons; stresses, furthermore, that the fund should improve employment prospects through preparatory ***programmes*** for the inhabitants of declining regions, and by boosting the social and digital inclusion of women, young people and senior citizens in those areas; points out, in that connection, that care will be taken, when using the ESF to support the outermost regions, to ensure a better balance between working and family life; calls on the Commission to consider setting up a specific envelope, within the scope of existing funds, dedicated to addressing areas experiencing severe and permanent demographic disadvantages; asks for the fund to be disbursed according to arrangements which prioritise lines of action in the short, medium and long term; stresses the importance of including the Cohesion Fund in future strategies to address demographic change, recalling that the fund was established with a view to strengthening the EU’s economic, social and territorial cohesion; considers it important for far greater support to be provided through the ESF for small organisations which develop and run innovative social projects, as well as pan-EU transnational pilot projects that address social and employment issues, so as to facilitate innovative regional, cross-border, transnational and macro-regional cooperation and hence respond to the challenges created by demographic change; 18. Regrets the fact that, as highlighted by the European Court of Auditors Special report No 5/2017, the EU Youth Guarantee, which should be aimed at helping young people without jobs, training or education, has made limited progress, and its results have fallen short of initial expectations; 19. Takes the view that, with a view to avoiding territorial divides, the EFSI should benefit regions with the most unfavourable demographic dynamics by means of greater investment in EU priority areas such as energy, transport, education, business, innovation research, SMEs, education or social infrastructure; takes the view that consideration of a special status for demographically disadvantaged regions should be discussed in the development of post-2020 cohesion policy; The future of cohesion policy to address demographic change 20. Believes that cohesion policy provides the right tools with which to address demographic change, especially in connection with other EU, national and regional policies, both in respect of population aging and population loss, and should therefore play a mor

e prominent role to support regions and provide flexibility in adapting to demographic change; believes that this should also be reflected in the fund-specific regulations in addressing demographic change, as part of its explicit remit under Article 174 TFEU; calls for a precise definition of the notion of ‘severe and permanent demographic handicaps’ referred to in Article 174 TFEU and Article 121 of Regulation (EU) No 1303/2013 that would enable demographic challenges to be statistically quantified; highlights the importance of urban-rural linkages, and invites the Commission to reflect on the opportunity to complement integrated sustainable urban development strategies with partnerships for sustainable urban-rural development; considers that the Commission should take proactive measures to prevent the adverse effects of demographic change and provide technical assistance to the regions most affected by depopulation; 21. Stresses that cohesion policy should promote the employability and inclusion of women, especially mothers who struggle with finding employment; calls, therefore, for women to be given access to training and learning ***programmes***; points out, however, that the qualifications obtained should respond to labour market needs; stresses the importance of helping young mothers to return to work by providing reliable all-day childcare facilities for children of all ages, including facilities for pre-school learning, in order to stop depopulation; 22. Believes that in order to address demographic challenges, the regions should use ESI Funds more proactively in order to tackle youth unemployment and give young people the opportunity to start a proper career; notes that this could be achieved by supporting training ***programmes*** and entrepreneurship for young people; 23. Calls for the establishment of a legal framework within the future Common Provisions Regulation (CPR) in order to recognise regions facing severe and permanent demographic challenges; stresses the need for a more proactive and dedicated approach to demographic policy-making, as regional divergence in demographic patterns will most likely ***produce*** a substantial unequal socio-economic impact on European territories, which might further increase regional disparities in the EU; calls for the strengthening and administrative streamlining of the new instruments for enhancing the bottom-up approach and multi-level governance – such as community-led local development (CLLD) and integrated territorial investment (ITI) – so as to increase local and regional involvement as part of an integrated and holistic approach to regional development; calls for the creation of portal-based services, which will help existing rural businesses to connect better with their urban-based counterparts; highlights the importance of taking greater account, under the future cohesion policy, of specific territorial characteristics which manifest themselves at sub-regional levels; stresses that a lack of capacity and robust governance within many local and regional authorities is a major obstacle to the success of EFSI ***programmes*** and demands, in this connection, capacity-building instruments; 24. Invites the Commission to consider defining new criteria with which to distinguish territories facing demographic challenges by means of demographic, economic, environmental-impact and accessibility variables, and to conduct studies on potential socio-economic and environmental indicators to complement the GDP indicator with criteria including social capital, life expectancy and quality of the environment; considers that GDP and population density are not indicators which are in themselves sufficient to classify territories with severe and permanent demographic handicaps; asks the Commission to incorporate into cohesion policy, in addition to the GDP indicator, new, dynamic indicators, such as a demographic indicator, and in particular the EU Regional Social Progress Index, so as to provide a more complete picture of the specific challenges facing these regions, or to consider an additional allocation for these regions similar to that for sparsely populated areas in the current ***programming*** period (CPR Annex VII, point 9); stresses the need for specific tools to monitor and evaluate the potential and real impact of ESI Funds in addressing demographic change by drafting guidelines for the subsequent development of relevant demographic indicators; stresses the importance of having reliable, up-to-date, disaggregated statistics for the purposes of a more efficient and objective political administration, particularly for a more detailed understanding of the intrinsic features of the EU’s various sparsely populated areas; calls, therefore, for Eurostat to provide greater detail in statistics of relevance for devising a suitable European demographic policy, especially demographic, family-related, social and economic indicators, and thus urges them to be broken down at least at a sub-regional – i.e NUTS 3 – level; 25. Considers that the future cohesion policy should include specific measures for the areas most affected by demographic challenges, and allow for greater flexibility in setting thematic objectives or co-financing rates, with a view to coordinating inter-regional and intra-regional strategies within the same Member State, with local participation; calls on the Commission to consider a national strategy for demographic development as a new ex-ante conditionality; 26. Calls on the Commission to incorporate a flagship initiative on demographics into the Europe 2020 strategy, financed by existing ESI funds and comprising a raft of measures in three categories: smart growth, by means of action to help regions affected by demographic challenges in the field of ICT, RDI and SMEs; inclusive growth, by means of specific action to encourage young people to remain in their region, ensuring sustainable generational renewal, self-employment and social inclusion measures for migrants and refugees under international protection; and sustainable growth, by means of measures to help these regions invest in the green economy, including sustainable transport systems; welcomes the EU Action for Smart Villages, which calls for policies to pay particular attention to overcoming the digital divide between rural and urban areas and to tap into the potential offered by the connectivity and digitisation of rural areas, and which supports the Smart Island Initiative as a bottom-up effort on the part of the European island authorities and communities seeking to improve life on islands through sustainable and integrated solutions; 27. Considers that the post-2020 multiannual financial framework should give a forceful, decisive impetus to efforts to address demographic challenges, taking into account the current demographic situation and trends, and must incorporate the promotion of solutions using targeted measures such as a budget item in funding, where appropriate; calls for services and infrastructure reinforcing social and digital inclusion to be strengthened under the second pillar of the CAP, intended to foster rural development and financed under the European ***Agricultural*** Fund for Rural Development (EAFRD), and for a reversal of trends towards social and economic decline and depopulation in areas with severe and permanent demographic handicaps; calls on national, regional and local authorities to exchange experience, best practices and new approaches to preventing the negative consequences of demographic change; believes that the trans-European transport networks (TEN-T) and the motorways of the sea (MoS) should serve areas with severe and permanent demographic handicaps; 28. Underlines the added value of the single community-led local development (CLLD) methodology across all ESI Funds for developing and implementing integrated and tailor-made bottom-up solutions; regrets the fact, however, that CLLD is only mandatory for the EAFRD and that local and participatory approaches are declining in the ERDF, ESF and European Maritime and Fisheries Fund (EMFF); calls on the Commission, therefore, to make the use of CLLD obligatory across all ESI Funds; ° ° ° 29. Instructs its President to forward this resolution to the Council and the Commission.

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Briefing September 2017 EPRS | European Parliamentary Research Service Author: James McEldowney Members' Research Service PE 608.656 EN Foresight – Contribution to the debate on the future of EU ***agricultural*** policy SUMMARY ***Strategic*** foresight is increasingly being used as a technique to help organisations anticipate and prepare for potential challenges or opportunities. Its application to ***agricultural*** and rural development policies is examined in this briefing. A range of relevant foresight studies are identified and examined across a number of elements, covering: the identification of key drivers of change; the nature of the scenarios they present (including the role of technology and precision farming); and food security as well as the territorial dimensions relating to the future of Europe’s rural areas. These findings are analysed for their implications for future policy-making in respect of EU ***agriculture*** and rural development matters. In the field of public policy, there is a growing realisation that the policy process has to address many challenges such as: advancing greater policy integration; identifying and applying the lessons from previous experience of policy implementation; maximising the use of the available evidence base, and considering and adopting a long-term view of the future through forward thinking involving the development of different scenarios.

Foresight studies recognise the multi-disciplinary nature of the challenges facing ***agriculture*** and the importance of 'interconnected policy-making'. The potential also exists for ***strategic*** foresight to be applied at different territorial levels. In this briefing:  Background  ***Strategic*** foresight – process and methods  ***Strategic*** foresight applied to ***agriculture*** and rural development  Analysis and findings  European Parliament  Outlook and lessons arising  Main references EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 2 of 12 Background ***Strategic*** foresight is recognised as a way for organisations, both public and private, to anticipate and prepare for potential challenges or opportunities when developing a strategy. 'Towards Scientific Foresight in the European Parliament', a paper published in 2015 by the European Parliament’s Scientific Foresight (STOA) Unit, noted that foresight is 'increasingly being used as a policy tool at European, national and regional levels, enabling policy-makers to make more responsible and more informed, decisions about the future'. This is reflected in its application across a range of diverse policy areas, such as robotics, collaborative economy, energy resilience and waste management. In all of these cases, the intention is to identify and explore a range of possible futures to challenge and inform strategy. In the context of the Parliament, the intention is to translate outcomes from foresight work into an accessible description of a diverse set of possible future scenarios, with their associated opportunities and challenges, which might be addressed today. This would provide a range of pathways for legislative work which is more future oriented, and is especially useful in the agenda-setting phrase of the policy cycle. The extent to which ***strategic*** foresight has been applied in the field of ***agriculture*** and rural development policy within the EU is examined in the following pages. A selection of foresight studies relating to ***agriculture*** and rural development are identified, and analysed for the implications they may have for future policy. ***Strategic*** foresight – process and methods Foresight studies make use of time horizons ranging between 20 and 50 years into the future. An important distinction is drawn between forecasting, which predicts the future based upon an extrapolation of past knowledge and foresight, which adopts a wider approach to forecasting and focuses on dealing with uncertainties about the future. (See glossary of terms set out above). Overall, foresight studies involve identifying alternative images of the future and choices of action based on those images. It is not about predicting the future, rather it is about exploring a range of possible futures supported with analysis of scientific and technological trends. By considering what could potentially Glossary Drivers of change: Factors causing change which affect or shape the future. Forecast: A statement that something is going to happen in the future, often based on knowledge and trends. Foresight: Often referred to as 'Futures Studies' or '***strategic*** foresight', it is a 'systematic, participatory and multi-disciplinary approach to explore mid- to long-term futures and drivers of change'. Scientific foresight: The ability to identify what should be known about the future, involves the analysis of scientific and technological trends providing views on how the future could be influenced by technoscientific developments. Scenarios: These describe plausible alternative futures. Horizon scanning: A technique which involves searching for signals of change in the policy environment i.e searching and scanning for emerging trends and their possible impacts. Time horizon: The time period in the future considered in the futures exercise or study. Wild card: An unpredictable event which could change the course of the future. Sources: Adapted from 'Towards scientific foresight in the European Parliament', STOA, 2015; A Glossary of terms commonly used in Futures Studies, September 2014; R. Ramirez and A. Wilkinson, ***Strategic*** Reframing – The Oxford Scenario ***Planning*** Approach, 2016. EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 3 of 12 happen in the future, policy-makers are better positioned to anticipate and prepare for potential challenges or opportunities which lie ahead. The processes and phases involved in undertaking foresight studies are comprehensively explained in the STOA paper, 'Towards Scientific Foresight in the European Parliament'. Summarised in Figure 1, they include methodologies such as: horizon scanning (where plausible impacts of a given trend are investigated by recognised researchers or stakeholders); 360-degree envisioning (where meetings are held to identify the possible impacts of a particular innovation); and what is termed 'backcasting', where exploratory scenarios are connected with current societal and legislative issues, through identification of possible future challenges and opportunities, which may be anticipated today. Figure 1 – Illustration of the European Parliament’s foresight cycle Source: Towards scientific foresight in the European Parliament, STOA (2015), updated in 2017. A key part of any foresight study is scenario ***planning***. The latter is a technique where a set of scenarios or narratives are developed to represent different possible futures. The extensive literature1 on foresight studies highlights a number of advantages from developing scenarios. For example, they do not describe just one future but several possible alternative futures. Exploring these scenarios can provide insights and early warnings of possible future opportunities and risks. They can include extremes, in terms of possible 'futures'. Provision can also be made for 'wild cards' or disruptive events. Although the probability of these occurring may be considered to be low, if they were to occur, their impact could be potentially significant. ***Strategic*** foresight applied to ***agriculture*** and rural development To what extent has ***strategic*** foresight been applied in the field of ***agricultural*** and rural development policy within the EU? One review of the state of foresight research in food and ***agriculture*** found some 65 relevant foresight studies.2 Written up as a series of short briefings, they included 12 global studies, all focusing on ***agriculture***, ten regional studies (six on food and ***agriculture***, three on rural societies and one on the low-carbon society), and some 16 national studies (of which nine covered ***agriculture***, two local land use EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 4 of 12 ***planning***, and others covering climate change, local environment, research priorities, markets and animal health). A survey published in 2010 on the use of ***strategic*** foresight in relation to ***agriculture*** across 21 countries, undertaken by the French Ministry of Food, ***Agriculture*** and Fisheries, noted that that considerable diversity existed in terms of the organisational arrangements and budgets for such work. In addition, there was a continuing preference for public policy evaluation ***programmes***. Table 1 lists examples of relevant foresight reports published since 2009. Compiled by EPRS on the basis of a brief literature search, the list provides an indication of the scale, scope and coverage of such studies where either formal foresight approaches have been pursued or where elements of foresight methodology have been incorporated. It is neither exhaustive nor definitive in nature. It does not include other futures studies relating to ***agriculture*** and rural development policy which have been published in the form of academic articles or which have a more specific country focus. There are, for example, studies on:  the impacts of alternative climate and energy policy scenarios on farms in Finland;3  the future of genetically modified foods;4  future images of possible local food systems in Finland by 2030;5  the prospects for a farmer-led, community-supported ***agriculture*** movement in Hungary,6 and  the future of sustainable eating, which examines alternative future scenarios for plant protein consumption.7 The applicability of ***strategic*** foresight to ***agricultural*** policy issues is illustrated in a series of briefings ***produced*** by the French Ministry of Food, ***Agriculture*** and Fisheries covering, for example, the prospects for mitigating French ***agriculture***’s greenhouse gas emissions (October 2014); how farming will adapt to future energy challenges (April 20108 and September 2015); climate change (September 20139) and the future of water resource availability in France (April 2014). Further illustration of the diversity of foresight studies can be obtained by examining the coverage given to such studies on the European Foresight Platform (EFP) – a networkbuilding ***programme*** supported by the European Commission. It sought to build a global network to share knowledge about foresight studies and to better exploit foresight as a resource to support policy-making. By September 2016, the EFP website contained some 263 policy briefs, providing a synthesis of foresight studies classified by theme (for example: energy, environment, ***agriculture***, health, nanosciences, socio-economic sciences and humanities), geographical scale (EU, global, national, regional) and time horizon. Two points may be noted concerning the range of foresight studies listed in Table 1. Firstly, brief scrutiny of those sources suggests that there is increasing recognition of the interactions which exist across policy issues concerning, for example, ***agricultural*** production, climate change and energy policy, including an appreciation of the 'increasing complexity of these interactions'.10 Continuing concerns relating to climate change, for example, raise questions as to how farms and ***agriculture*** should participate in greenhouse-gas mitigation efforts in the future.11 Secondly, the changing dynamics of the ***agricultural*** sector, including changes in the agrifood industry, and the range of challenges that have evolved over the years, have provided fertile ground for this type of work. Commenting on the application of ***strategic*** EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 5 of 12 foresight to ***agriculture*** and rural development, one study12 noted that 'a changing common ***agricultural*** policy has been an inspiring research target for ***agricultural*** economists throughout the past several decades...'. This has been fuelled by a desire to know more about the potential impact of anticipated policy changes. The nature of these challenges has already been acknowledged in a previous EPRS briefing. They include issues relating to food security, the environment and climate change, territorial imbalances in terms of socio-economic conditions within Europe’s rural areas and issues relating to price volatility. Table 1 – Examples of foresight and related studies relevant to EU ***agriculture***, food and rural development Study title Institution Year published The future of food and ***agriculture*** - Trends and challenges Food and ***Agriculture*** Organisation 2017 Agrimonde-Terra: Foresight land use and food security in 2050 INRA and CIRAD \* 2016 Delivering on EU Food Safety & Nutrition in 2050-Future challenges & policy preparedness JRC\*\*Science & knowledge service, European Commission 2016 Precision ***Agriculture*** & the future of farming in Europe STOA, European Parliament 2016 Teagasc Technology Foresight 2035 Teagasc – the ***Agriculture*** & Food Development Authority, Ireland 2016 Alternative futures for global food and ***agriculture*** OECD 2016 The Future of technology in ***agriculture*** STT Netherlands Study centre for Technology Trends 2016 ***Strategic*** foresight: Towards the third strategy ***programme*** of Horizon 2020 JRC Science & Policy, European Commission 2016 Sustainable ***agriculture***, forestry and fisheries in the Bioeconomy - A challenge for Europe. European Commission 2015 Global Food Security 2030 JRC Science & Policy, European Commission 2015 Tomorrow’s Healthy Society: Research priorities for foods and diets JRC – European Commission 2014 Technology options for feeding 10 billion people STOA, European Parliament 2013 Foresight. The future of food and farming (2011) Final project report Government Office for Science, London 2011 European development opportunities for rural areas EDORA 2011 Foresight Land use futures project, Final project report. Government Office for Science, London 2010 European crop protection in 2030: A foresight study ENDURE Network 2010 Alternative futures of rural areas in the EU LEI Wageningen UR 2009 SCENAR 2020-II: Update of scenario study on ***agriculture*** and the rural world. Final report. European Commission 2009 \*French National Institute for ***Agricultural*** Research (INRA) and French ***Agricultural*** Research Centre for International Development (CIRAD); \*\* JRC refers to the Joint Research Centre, the European Commission’s science and knowledge service which provides independent scientific advice and support to EU policy. Source: Compiled and adapted by EPRS. EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 6 of 12 Analysis and findings In light of the coverage of the ***agricultural*** sector by foresight studies, what are the key findings from this work and are there any implications for future EU ***agricultural*** policy? To address these questions, the studies cited in Table 1 have been analysed on the basis of a number of common elements relating to (i) the drivers of change; (ii) the nature of the policy scenarios included in the studies; (iii) the issue of food security; and (iv) the territorial dimension relating to the future of Europe’s rural areas. The potential implications of this analysis for future policy are then discussed. Drivers of change A significant element in foresight studies relates to the identification of trends and the underlying drivers of change. The analysis of such drivers is often used as a key tool in foresight processes. The foresight study on the 'Future of Food and Farming' (2011) identified six key drivers of change affecting the world’s food system (see Table 2). The study pointed out that it was essential to assess the implications of these drivers, as in each case there were policy implications arising. For example, in global terms, a range of critical resources are identified on which food production relies such as land for food production, energy and water. These will come under more pressure in the future. Equally, changes in the values and ethical stances of consumers are seen as having a major influence on policy-makers and on consumers. Examples which it cites include the value placed on animal welfare, issues of equity and fair trade and the acceptability of modern technologies such as genetic modification. There is complementarity with the 'key drivers of change' identified in other studies, such as the JRC study on 'Global Food Security 2030' as well as the JRC study on 'Food Safety and Nutrition in 2050'. In the case of the latter, these are: global trade, EU economic growth, the structure of the agro-food chain, technology uptake, social cohesion, food values, climate change, the depletion of natural resources and world population growth. These formed the basis for the development of different scenarios for food safety and nutrition for the EU in 2050. Scenarios A key feature of foresight exercises involves the drawing-up of scenarios. A review13 of global food security scenarios published in 2014 highlights how scenario analysis has been applied as a tool for dealing with the complexities and uncertainties associated with major global issues such as climate change, food security and land use. The review presents a typology of scenarios describing possible futures. These include: an 'Economic optimism scenario' (usually associated with rapid technological development, high economic growth and free trade at the global level); a 'Reformed markets scenario' (with policies aimed at reducing market failures); a Global sustainable development scenario (characterised by environmental protection and reduced inequality); a 'Regional competition scenario' (where regions focus more on their own, immediate interests and regional identity); and a 'Regional sustainable development scenario' which has a focus on 'finding regional solutions for current environmental and social problems'. The STOA Table 2 – Drivers of change affecting the global food system  Global population increases  Changes in the size and nature of per capita demand  Future governance of the food system at both national and international levels  Climate change  Competition for key resources  Changes in values and ethical stances of consumers Source: Foresight. The future of food and farming. Final project report, 2011. EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 7 of 12 study (2016) on precision ***agriculture*** (PA) draws on this typology, as summarised in Table 3. This sets out the role of precision ***agriculture*** under each scenario, and the implications for the skill sets farmers will need in the future. In the scenario labelled 'regional sustainability', emphasis is placed on small-scale change and on local production, with some communities trying to become more self-sufficient in respect of their food needs. Though precision farming may have made inroads, farms are not fully automated. Animal welfare is high on the agenda and organic production has become the norm. Farmers are valued as 'custodians of the countryside'. By contrast, in the first scenario, ***agriculture*** in Europe has become 'fully automated', consistent with a positive economic environment. There is probably a belief that technology can resolve issues including contributing to global food security. (One study undertaken by the Netherlands Study Centre for Technology identifies some 20 technological developments which may have a large impact on the Dutch agri-food sector. They include developments such as: SMART farming, renewable energy; protein transition etc.). Table 3 – Four explorative scenarios for the future of precision ***agriculture*** in the EU Issue: Scenario 1: Economic optimism Scenario 2: Global sustainable development Scenario 3: 2050 Regional competition Scenario 4: 2050 Regional sustainability Focus Rapid economic growth Global sustainability Security Regional sustainability. Key features Trade is free and global Open markets Global cooperation & free trade Regions have taken over; Trade barriers Tightly knit communities. Role of precision ***agriculture*** (PA) Seeks to achieve higher efficiency; Autonomous robots; Farming is fully automated Drives the sustainability of ***agriculture*** Semi-autonomous technologies used. Every plot of land has a specific use. Stimulates regional growth. Technology chosen for efficiency and security. Used to ***produce*** more sustainably and to decrease environmental impact. Farms not fully automated. Type of farmer Entrepreneurial skills are very important. Farmers' role as sustainability shepherds. Combination of traditional skills and PA methods Combination of PA and traditional skills, and local cooperation. Source: Adapted by EPRS from an annex to the report: Precision ***agriculture*** and the future of farming in Europe, Scientific Foresight Study, STOA, EPRS, European Parliament, 2016. This emphasis on the role of technology is also seen in the Technology Foresight 2035 report published in March 2016 by Teagasc, Ireland's ***Agriculture*** and Food Development Authority. It identifies a number of technology areas the agency will prioritise in its research ***programmes*** to support Ireland’s ***agriculture*** and food sectors. A key conclusion of this foresight report is that the agri-food industry is '...on the verge of a revolution in the application of new powerful technologies...'. These have the potential to 'transform the sector'. Examples include the application of genomics to the dairy and beef sectors, allowing the production of better livestock products at lower costs to the environment and climate. This study also highlights the implications for the skill sets of farmers. The skills required for ***agriculture*** identified in the report include applications such as robotics, computer-based imaging, satellite navigation and positioning technology, climate forecasting and environmental controls. In considering scenarios, foresight studies are not necessarily limited to the typology outlined above. For example, the JRC study on Food Safety and Nutrition in 2050 constructed four scenarios based on different drivers that could impact on the food system. They include: (i) a 'Global Food' scenario, where the impacts of climate change are being felt and where the global food chain is dominated by international companies; (ii) a 'Regional Food' scenario, where there is a drive towards self-sufficiency and local production, with citizens involved in food production in urban settings; (iii) a 'Partnership EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 8 of 12 Food' scenario, where an economically weak EU has developed 'close trade and food policy ties with the USA and Canada and where, by 2050, the focus is on efficiency, mass production and climate change resilience; and (iv) a 'Pharma Food' scenario, where the population strives for a healthy lifestyle, multinationals control most of the food chain and 'people turn to processed foods and even foods with added pharmaceutical substances aimed at optimising their health status'. While the focus of these scenarios is on the implications for food safety and nutrition, the narratives developed throw light on the changing role for ***agriculture***, whilst taking account of the impact of drivers such as climate change. Food security The challenge of food security figures strongly across a number of foresight studies listed in Table 1. The JRC Foresight report on 'Global Food Security 2030' sets out a vision for food security in 2030. Bringing together experts and stakeholders to develop a vision for food security in 2030, it foresees 'a significant reduction in the relative number of undernourished people'. Food security is guaranteed on a sustainable basis through:  the maintenance of an enabling environment in rural areas (i.e rural development);  a food system where production and consumption are balanced between local, regional and global levels;  a largely demand-driven food system where responsible consumer behaviour shares sustainable objectives; and  significant transformation of ***agricultural*** and food production systems through sustainable intensification, technology transfer and the transformation of ***agricultural*** business models. As part of this vision, consumers would be empowered to take more control over the nutritional aspects of what they eat. Set against this, the development of such a demand driven food system faces a number of challenges such as the effects of climate change and uncertainty in both trade and markets. The report notes that the context for such challenges will be increasing urbanisation with more than 65 % of the world’s population expected to be living in urban areas by 2050. An OECD analysis published in 2016 provides an overview of three alternative scenarios that ***agricultural*** markets at the global level could follow up to 2050. These are: (i) 'Individual fossil fuel-driven growth', where technological developments are based on fossil fuel extraction; (ii) 'Citizen-driven, sustainable growth', where technologies are focused on natural resource savings and the preservation of the environment; and (iii) 'Fast, globally driven growth', where technologies flourish in many domains, particularly in the areas of food, feed and energy production. In all three scenarios, the environment is being placed under strain and ***agricultural*** greenhouse gas emissions and other pollutants continue to increase. The policy responses put forward by the OECD include: an accelerated movement towards more sustainable lifestyles and consumption patterns; innovation; and the role of ***agricultural*** risk-management systems to manage volatility in markets. All of these are relevant to the current debate on future EU ***agricultural*** policy. The Future of Europe’s rural areas Foresight exercises have been undertaken in relation to the future of Europe’s rural areas.14 As part of the ESPON ***programme***,15 the EDORA project (European Development Opportunities for Rural Areas, 2012) sought to obtain a better understanding of the EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 9 of 12 development opportunities and challenges facing rural areas in Europe over a period of 20 years. It assumed that the most likely and most influential potential 'shock' in a rural context was climate change. A second was the impact of the credit crunch and recession. Applying these 'high level drivers of change', four scenarios were identified, as shown in Table 4. The horizontal axis goes from 'gradual climate change' on the left to 'rapid climate change' on the right. The vertical axis shows different models of economic governance, ranging from free market conditions (at the top) to more interventionist highly regulated conditions (at the bottom half of the diagram). The subsequent four scenarios are described in a separate paper on 'Future Perspectives' (2010). They range from a 'business as usual' scenario (Scenario 1) to scenarios dealing with more rapid and disruptive climate change (Scenarios 3 and 4). Scenario 3 involves 'rapid and disruptive climate change' which gives rise to the intensification of ***agricultural*** production, the adoption of bio-technology and a concentration of control of the means of production in corporate hands. Scenario 4 combines rapid climate change with a highly regulated economy. There is a ‘coordinated consensus-based public policy response’, rapid public investment in new forms of nuclear power, and careful regulation of rural land use to ensure food supplies. New residential developments are increasingly concentrated in existing towns and villages. This scenario experiences 'strong and selective migration flows from South, East and Central Europe into the North and West as well as towards major cities'. ***Agricultural*** activities which give rise to significant greenhouse gas emissions (GHG) are limited. By 2030, the EU, through a revised CAP, achieves its goal of 80 % selfsufficiency in food, energy and water. This is achieved through the promotion of local and regional food systems. The study makes the point that each of these scenarios would have a differential impact depending on the types of regions involved, for example: largely agrarian-based regions where the primary sector plays a major role in the local economy, or where there is a more diversified economy with a strong secondary or tertiary sector. Table 4 – Scenario analysis applied to the future of rural areas Free market Scenario 1: Gradual response to climate change + highly deregulated market economy  EU competes in global food markets on basis of comparative advantage  Increased primary sector productivity through application of bio-technologies.  Slow transition to a low-carbon economy  Rural transport dominated by private car ownership – most cars powered by electricity. Scenario 3: Rapid response to climate change + highly deregulated market economy  Economic systems are largely self-regulated  Quick transition to low-carbon economy  Rural transport transition to a hub and spoke model with private cars used to access public transport hubs  Protein production is industrialised to maximise input –output efficiency Scenario 2: Gradual response to climate change + highly regulated market economy:  Highly regulated economy  Gradual recouping of CAP payments to production to increase self-sufficiency  Primary sector remains productive through increasing economies of scale.  Slow transition to a low-carbon economy Scenario 4: Rapid response to climate change + highly regulated market economy  Large scale rural-urban flows of young people;  Radical recouping of CAP payments to production to increase self-sufficiency  Development of regional food systems.  Rural transport is increasingly provided through community-based schemes. Interventionist Source: Adapted by EPRS from 'Future Perspectives', Final Report Annex 1, Scientific Working Paper No 26. EDORAEuropean Development Opportunities in rural areas. The ESPON 2013 ***programme*** May 2010. EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 10 of 12 European Parliament The European Parliament is making a significant contribution to foresight studies through its Science and Technology Options Assessment (STOA) Panel, an official parliamentary body with a mission to undertake studies and other activities that provide Members with impact assessments of new technologies and options for policy action. Further institutional support to the Parliament’s foresight activities is provided through the EPRS Scientific Foresight and Global Trends Units. The former undertakes work specifically in the field of science and technology for the Parliament’s STOA Panel. The intention of the 2016 study on precision ***agriculture***, which STOA commissioned, was to assist MEPs and committees in 'exploring, anticipating and responding to potential precision ***agriculture*** development paths....'. This study together with the other foresight studies mentioned can be seen as a way of informing and supporting the European Parliament’s role in the policy-making and legislative process. Foresight studies should help to reinforce the evidence base available to MEPs. Outlook and lessons arising A range of foresight studies relevant to ***agriculture*** and rural development have been identified in this briefing alongside a number of additional sources. They vary in terms of when they were undertaken and their precise focus. In relation to future EU agricul

tural and rural development policies, the following observations can be considered:  The findings of these foresight studies have relevance for the current debate on the future of EU ***agricultural*** and rural development policy. The OECD foresight study highlighted issues relating to sustainable development, risk management, market regulation and ***agricultural*** innovation. Such issues are relevant to any discussion on the most appropriate instruments for the next CAP.  The foresight studies recognise the multi-disciplinary nature of the challenges facing ***agriculture***. The foresight report on 'The Future of Food and farming' highlighted the critical importance of 'interconnected policy-making'. The suggestion here is that policy in sectors outside the food system need to be developed in conjunction with those for food.  The research examined for this briefing shows how applicable the foresight approach can be to many aspects of ***agricultural*** and food policy. For example, scenarios have been compiled on plant protein consumption, the future of genetically modified foods and on how to reduce meat consumption.  ***Strategic*** foresight has also been applied at different territorial scales, i.e not just at the global scale, but at EU, national and regional levels. In the case of the latter, this has the potential to allow for a more tailored form of policy advice – all the more important in the light of flexibility in existing or future CAP instruments. This makes such studies relevant to the work of the Committee of the Regions, given its interest in the future of ***agriculture*** and rural development. There are limitations to foresight studies. Scenarios will be limited by the assumptions they are based on and by the parameters chosen for their measurement. Is it possible to fit the different perspectives on the future into simple 'four box diagrams' (as in Table 4, above) against the complexity of the real world? Scenarios are best seen as tools for exploring possible concerns, challenges and opportunities arising from a range of EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 11 of 12 alternative futures. By considering such challenges and opportunities, it is possible to gain an understanding of the implications arising from different courses of action. Potentially, this could help to prepare policymakers for possible future developments in anticipation of problems arising. Scenarios provide a series of potential policy directions enabling policy-makers to weigh up the pros and cons of possible future policy options. The process of reflection which foresight studies involve may therefore be just as important as any final report, because of the new insights they may provide. The potential also exists for engagement and dialogue with stakeholders, technical experts, social scientists and representatives of civil society organisations. For any policy process, coping with change is always challenging – even more so when the scale and magnitude of the change is not predictable. The types of challenges which the policy process can face are summarised in Figure 2. The challenges can include: (i) overcoming the 'silo effect', i.e trying to achieve greater policy integration; (ii) applying the lessons from previous experience within a policy area, i.e 'retaining institutional memory'; (iii) collecting, analysing and using evidence to support policy changes, whether in terms of policy development or policy implementation – including 'knowledge about possible futures'; and (iv) adopting a longterm view through forward thinking involving scenario ***planning***, as part of efforts to 'future proof' policies. Though there may be no single central repository for foresight studies on ***agriculture***, the sources identified in this briefing illustrate the application of foresight to ***agricultural*** policy including the potential which exists to bring together stakeholders and different constituencies of interest to help identify policy options, taking account of longer-term policy needs.16 A challenge for those taking forward the findings from foresight studies is how to ensure that they are conveyed to those involved in the policy-making process. In support of this, it probably helps if such exercises can prioritise their conclusions or findings, as in the case of the foresight report on 'The Future of Food and farming', which included a set of 'high level' conclusions. This helps to identify what needs to be done immediately, such as the need to ***produce*** food more sustainably and the need to minimise food waste. In light of the European Commission’s efforts to modernise and simplify the CAP post 2020, foresight studies can provide a useful source of reference, especially if combined with evaluation evidence on what has worked well during the current and previous ***programming*** periods. Main references Ramirez, R. and Wilkinson, A., ***Strategic*** Reframing – The Oxford Scenario ***Planning*** Approach, Oxford University Press First Edition, 2016. Van Woensel, L. and Vrščaj, D., In-depth analysis 'Towards scientific foresight in the European Parliament', STOA, EPRS, European Parliament, 2015. Figure 2 - Challenges facing any policy process Source: Adapted by EPRS from: (i) 'Completing the legislative cycle' and (ii) 'Towards scientific foresight in the European Parliament', STOA, 2015. EPRS Foresight – Future of EU ***agricultural*** policy Members' Research Service Page 12 of 12 Van Woensel, L., Precision ***agriculture*** and the future of farming in Europe, Scientific Foresight Study, STOA, EPRS, European Parliament, 2016. Endnotes 1 Other sources of guidance on the application of ***strategic*** foresight and scenario ***planning*** are: Scenario ***Planning***, Foresight Horizon Scanning Centre, UK Government Office for Science Guidance Note, October 2009; P. Schwab et al 'Foresight-using scenarios to shape the future of ***agricultural*** research' in Foresight 5.1, 2003 pp. 55-61; F. Van Duijne, 'Five key advantages of scenario ***planning***' in Futurista blog (19 January 2014); See also Annex 1 of STOA’s in-depth study for an overview of relevant literature on foresight and futures studies. 2 R. Bourgeois, 'The state of foresight in food and ***agriculture***: Challenges for impact and participation'. Document de travail ART-Dev 2014-O1 3 H. Rintamki, P. Rikkonen, P. Tapio, 'Carrot or stick: Impacts of alternative climate and energy policy scenarios on ***agriculture***' in Futures 83, pp. 64-74, 2016. 4 C. Gurau, A. Ranchod, 'The futures of genetically-modified foods: Global threat or panacea?', Futures 83, pp. 24-36, 2016. 5 T. Kuhmonen, 'Exposing the attractors of evolving complex adaptive systems by utilising future images: Milestones of the food sustainability journey', Technological Forecasting & Social Change, 114, pp. 214-225, 2017. 6 B. Balazs, G. Pataki, O. Lazanyi, 'Prospects for the future: community supported ***agriculture*** in Hungary', Futures 83, pp. 100-111, 2016. 7 P. Jallinoja, M. Niva, T. Latvala, 'Future of sustainable eating? Examining the potential for expanding bean eating in a meat-eating culture', Futures 83, pp. 4-14, 2016. 8 ***Agriculture*** & Energy 2030: How will farming adapt to future energy challenges? Centre for Studies and ***Strategic*** Foresight - French Ministry of Food, ***Agriculture*** and Fisheries, Analysis No 17, April 2010. 9 ***Agriculture***, forestry and climate: the road to new adaptation strategies: the AFCLIM foresight study’s key findings. Centre for Studies and ***Strategic*** Foresight - French Ministry of Food, ***Agriculture*** and Fisheries, Analysis No 62, September 2013. 10 P. Chapuy and V. Gros, 'Collectively foreseeing future issues: Prospective strategy contributes to the ***Agriculture*** and Food systems', 'Futures Studies’ Club', Technological Forecasting & Social Change 77, pp. 1540-1545, 2010. 11 H. Rintamki, P. Rikkonen, P. Tapio, 'Carrot or stick: Impacts of alternative climate and energy policy scenarios on ***agriculture***' in Futures 83, pp. 64-74, 2016. 12 See E. Huan-Niemi et al, 'Combining quantitative and qualitative research methods to foresee the changes in the Finnish agri-food sector' in Futures 83, pp. 88-99, 2016. 13 M. Van Dijk and G. Meijerink, 'A review of global food security scenario and assessment studies: results, gaps and research priorities LEI Wageningen University & Research Centre FOODSECURE, Working paper No 20, February 2014. 14 These have included (i) an early comparative assessment identifying a range of alternative futures for these areas, (ii) the EURALIS scenario study published in 2008 which looked at the future of rural areas in Europe to 2030. 15 ESPON is an applied research ***programme*** aimed at supporting the formulation of territorial development policies in Europe. It is partly financed by the European Regional Development Fund. 16 Other reference sources include: The European Strategy and Policy Analysis System (ESPAS); ORBIS (Open Repository Base on International ***Strategic*** Studies); an on-line open library on long-term trends and URBIS (Unified Repository Base on Implementation Studies), the European Parliament’s Implementation Studies’ hub; and the European Commission’s JRC publications repository. Disclaimer and Copyright The content of this document is the sole responsibility of the author and any opinions expressed therein do not necessarily represent the official position of the European Parliament. It is addressed to the Members and staff of the EP for their parliamentary work. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. © European Union, 2017. Photo credits: © fotografci / Fotolia. 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**Load-Date:** October 17, 2017

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[***Approval of the Strategy for the Development of Sea Ports in the Caspian Sea***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PY6-DS71-JDVR-00V9-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

November 11, 2017 Saturday 12:00 AM EEST

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**Body**

The main goal of the Strategy is to consolidate the economic and geopolitical presence of Russia in the Caspian Sea, to expand and deepen economic and cultural ties with Caspian countries and create conditions for the further socio-economic development of the Caspian region by increasing international trade via the Caspian ports.

Reference

The directive is drafted by the Ministry for North Caucasus Affairs to fulfil the President's instruction following the Government meeting on 12 October, 2016 (Pr-2077 of 27 October, 2016, item 2) and in accordance with the Federal Law No.172-FZ of 28 June, 2014 "On ***Strategic*** ***Planning*** in the Russian Federation."

The signed directive has endorsed the Strategy for the Development of Sea Ports in the Caspian Sea and Rail and Road Links to Them until 2030 (from now on, referred to as the Strategy).

The draft Strategy has been elaborated taking into account the Concept for Long-term Socio-economic Development of the Russian Federation for the Period Until 2020, (approved by the Government's directive No.1662-r of 17 November, 2008), the Concept of the Demographic Policy of the Russian Federation Until 2025, (approved by the President's executive order  No. 1351 of 9 October, 2007,) the Strategy of the National Security of the Russian Federation, (endorsed by the President's executive order No. 683 of  31 December, 2015), and the ***programme*** of action to ensure ***strategic*** interests of the Russian Federation in the Caspian Sea in 2016-2018.

 The main goal of the Strategy is to consolidate the economic and geopolitical presence of Russia in the Caspian Sea, to expand and deepen economic and cultural ties with Caspian countries and create the conditions for further socio-economic development of the Caspian region by increasing international trade via Caspian ports.

Targets of the Strategy's implementation:

- development of the Russian Caspian transit hub and its inclusion in the international trade system;

- building a sustainable transport and logistics corridor with Iran, India and Persian Gulf countries;

- socio-economic development of the Caspian region;

- development of export-oriented business via the Russian Caspian transit hub;

- reduction of current logistics costs;

- strengthening of the national defence capability and security on the Caspian Sea.

The Strategy provides solutions for regulatory, tariff, investment, operational and institutional tasks.

Regulatory tasks involve increasing the competitiveness of cargo and passenger traffic through Russian ports on the Caspian Sea by simplifying administrative procedures (such as acceleration of customs clearance of cargo shipments and on-the-spot coordination of projects on upgrading port infrastructure facilities). They also encompass the creation of favourable conditions for increasing domestic and international tourism in the region (in particular, by easing customs rules).

Tariff tasks involve working out and administering uniform competitive shipment tariffs for transportation via the Caspian transit hub.

Investment tasks include upgrading the existing infrastructure and building new transit and logistics facilities for developing cargo and passenger traffic, including port facilities, as well as remote and close road and railway links to sea ports.

Operational tasks include the introduction of a project ***planning*** and management system, which highlights the export potential of the Caspian region, in particular, its production and logistics facilities. This can be accomplished by creating the necessary legislative and administrative conditions and institutions.

Institutional tasks are aimed at stimulating the development of ***agriculture*** and industrial production, which together with transport infrastructure can ***produce*** a synergistic effect for the development of the region as a whole, with the help of institutions for the support of such projects.

The Strategy will be carried out in three stages: the first or preparatory stage (until 2020); the second or main stage (2020-2025), and the third or long-term stage (2026-2030).

The Strategy's targets, tasks and mechanisms are aimed at creating a sustainable transport and logistics corridor and promoting trade and tourism, primarily with Iran, India and Persian Gulf countries. During the long-term stage of implementation, experts ***plan*** to study the possibility of promoting trade with all Caspian states, taking into account the expanded capacities of the new offshore deep-water port (terminal).

Implementing the Strategy will make it possible to increase grain exports via the Caspian Sea ports to seven million tonnes, and the same amount of other dry cargo by 2030, as well as to attract up to 30,000 domestic tourists a year to the Caspian region, and create over 2,000 jobs.

\* \* \* \* \*

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Impact News Service

December 2, 2017 Saturday

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**Length:** 138590 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 SA 1811. Mr. BLUNT submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 381, line 1, strike ``(g) Regulations.--'' and insert: ``(g) Election to Be Treated as a Specified 10-percent Owned Foreign Corporation.--For purposes of this section-- ``(1) In general.--An electing insurance, banking, and financing branch shall be treated as a specified 10-percent owned foreign corporation. ``(2) Electing insurance, banking, and financing branch.-- The term `electing insurance, banking, and financing branch' means, with respect to any taxable year, a qualified business unit (as defined in section 989(a)) of a domestic corporation, if-- ``(A) the domestic corporation is an insurance company taxable under subchapter L or is a bank taxable under subchapter H, ``(B) the qualified business unit is a qualified insurance branch or a qualified banking and financing branch, and ``(C) the election described in paragraph (5) is in effect with respect to such branch for the taxable year. ``(3) Taxable income of domestic corporation computed without regard to qualified business unit.--For purposes of this title, the taxable income of a domestic corporation described in paragraph (2)(A) shall be computed without regard to items of the qualified business unit described in paragraph (2)(B) which are separately accounted for in accordance with paragraph (6). ``(4) Definitions.-- ``(A) Qualified insurance branch.--The term `qualified insurance branch' means a qualified business unit (within the meaning of section 989(a)) of a domestic corporation that is an insurance company taxable under subchapter L, if such unit is licensed, authorized, or regulated by the applicable insurance regulatory body for its home country to sell insurance, reinsurance, or annuity contracts to persons other than related persons (within the meaning of section 954(d)(3)) in such home country.

Any term used in this subparagraph which is also used in section 953(e) shall have the meaning given to such term by section 953(e). ``(B) Qualified banking and financing branch.--The term `qualified banking and financing branch' means a qualified business unit (within the meaning of section 989(a)) of a domestic corporation that is a bank taxable under subchapter H, if such unit is predominantly engaged in the active conduct of a banking, financing, or similar business, and conducts substantial activity with respect to such business. Any term used in this subparagraph which is also used in section 954(h) shall have the meaning given to such term by section 954(h). ``(5) Election.-- ``(A) In general.--A domestic corporation may make the election described in this paragraph with respect to any qualified insurance branch or qualified banking and financing branch for any taxable year. ``(B) Duration and termination of election.--Subject to subparagraph (C), an election made under this paragraph for any taxable year shall remain in effect for all subsequent taxable years, except that it may be revoked with the consent of the Secretary. ``(C) Timing of election.--The election provided by this paragraph shall be made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof) with respect to which such election is made, and such election and any approved revocation thereof shall be made in the manner provided by the Secretary. ``(6) Separate accounting required.--Any domestic corporation which makes the election described in paragraph (5) with respect to a qualified business unit shall establish and maintain a separate account for the various income, exclusion, deduction, asset, reserve, liability, and surplus items properly attributable to the qualified business unit. Such separate accounting shall be made-- [[Page S7722]] ``(A) in accordance with the method regularly employed by such domestic company, if such method clearly reflects income derived from, and the other items attributable to, the qualified business unit, and ``(B) in all other cases, in accordance with regulations prescribed by the Secretary. ``(7) Effect of election and termination.-- ``(A) In general.--For purposes of this title, each electing insurance, banking, and financing branch shall be treated as a foreign corporation organized in its home country (as defined in section 953(e)(6)(B)). ``(B) Treatment of assets and liabilities.--Any domestic corporation making an election under paragraph (5) shall be treated as transferring (as of the first day of the first taxable year to which such election applies) all of the assets and liabilities separately accounted for under paragraph (6) to a foreign corporation in connection with an exchange to which section 351 applies, subject to section 367. ``(C) Effect of termination of election.--If an election is made by a domestic corporation under paragraph (5) for any taxable year, and such election ceases to apply to the electing insurance, banking, and financing branch for any subsequent taxable year, the electing insurance, banking, and financing branch treated as a foreign corporation shall be treated (as of the first day of the first taxable year following such cessation) as liquidating under section 332, subject to section 367. ``(8) Transactions between electing insurance, banking, and financing branch and domestic corporation.--Any amount directly or indirectly transferred or credited from an electing insurance, banking, and financing branch account established pursuant to paragraph (6) to one or more other accounts of such domestic company shall be treated as a deemed distribution for purposes of this title. ``(h) Regulations.-- \_\_\_\_\_\_ SA 1812. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place in title I, insert the following: SEC. 1\_\_\_. EXTENSION OF AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT. (a) In General.--Section 119(d) of division A of the Tax Relief and Health Care Act of 2006 is amended-- (1) by striking ``January 1, 2017'' each place it appears and inserting ``January 1, 2023'', (2) by striking ``first 11 taxable years'' in paragraph (1) and inserting ``first 17 taxable years'', and (3) by striking ``first 5 taxable years'' in paragraph (2) and inserting ``first 11 taxable years''. (b) Treatment of Certain References.--Section 119(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by adding at the end the following: ``References in this subsection to section 199 of the Internal Revenue Code of 1986 shall be treated as references to such section as in effect before its repeal by the Tax Cuts and Jobs Act.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2016. \_\_\_\_\_\_ SA 1813. Ms. MURKOWSKI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place in title I, insert the following: SEC. 1\_\_\_. EXTENSION OF AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT. (a) In General.--Section 119(d) of division A of the Tax Relief and Health Care Act of 2006 is amended-- (1) by striking ``January 1, 2017'' each place it appears and inserting ``January 1, 2023'', (2) by striking ``first 11 taxable years'' in paragraph (1) and inserting ``first 17 taxable years'', and (3) by striking ``first 5 taxable years'' in paragraph (2) and inserting ``first 11 taxable years''. (b) Treatment of Certain References.--Section 119(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by adding at the end the following: ``References in this subsection to section 199 of the Internal Revenue Code of 1986 shall be treated as references to such section as in effect before its repeal by the Tax Cuts and Jobs Act.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2016. \_\_\_\_\_\_ SA 1814. Mr. DAINES submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 26, strike line 21 and all that follows through page 30, line 14, and insert the following: ``(6) Franchise exception.--In the case of a taxpayer utilizing business format franchising as a franchisor or franchisee under part 436 of title 16, Code of Federal Regulations, with respect to any qualified trade or business, paragraph (2) shall be applied without regard to subparagraph (B). ``(c) Qualified Business Income.--For purposes of this section-- ``(1) In general.--The term `qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. ``(2) Carryover of losses.--If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year. ``(3) Qualified items of income, gain, deduction, and loss.--For purposes of this subsection-- ``(A) In general.--The term `qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are-- ``(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting `qualified trade or business (within the meaning of section 199A)' for `nonresident alien individual or a foreign corporation' or for `a foreign corporation' each place it appears), and ``(ii) included or allowed in determining taxable income for the taxable year. ``(B) Exceptions.--The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss: ``(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss. ``(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G). ``(iii) Any interest income other than interest income which is properly allocable to a trade or business. ``(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting `qualified trade or business' for `controlled foreign corporation'). ``(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)). ``(vi) Any amount received from an annuity which is not received in connection with the trade or business. ``(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses. ``(4) Treatment of reasonable compensation and guaranteed payments.--Qualified business income shall not include-- ``(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business, ``(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and ``(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business. ``(d) Qualified Trade or Business.--For purposes of this section-- ``(1) In general.--The term `qualified trade or business' means any trade or business other than a specified service trade or business. ``(2) Specified service trade or business.-- ``(A) In general.--The term `specified service trade or business' means any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)). ``(B) Franchise exception.--Such term does not include any trade or business utilizing business format franchising as a franchisor or franchisee under part 436 of title 16, Code of Federal Regulations. \_\_\_\_\_\_ SA 1815. Mr. DAINES (for himself, Mrs. Ernst, Mr. Lankford, Mr. Moran, Mrs. Fischer, Mr. Inhofe, Mr. Blunt, Mr. Lee, Mr. Risch, and Mr. Sasse) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: [[Page S7723]] Beginning on page 43, strike line 16 and all that follows through page 45, line 20 and insert the following: ``(4) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(5) Maximum amount of refundable credit.-- ``(A) In general.--Subsection (d)(1)(A) shall be applied without regard to paragraphs (2) and (4) of this subsection. ``(B) Adjustment for inflation.--In the case of a taxable year beginning after 2017, subsection (d)(1)(A) shall be applied as if the $1,000 amount in subsection (a) were increased (but not to exceed the amount under paragraph (2) of this subsection) by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. Any increase determined under the preceding sentence shall be rounded to the next highest multiple of $100. ``(6) Earned income threshold for refundable credit.-- Subsection (d)(1)(B)(i) shall be applied by substituting `$2,500' for `$3,000'. ``(7) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act. ``(8) Credit allowed with respect to unborn children.-- ``(A) In general.--The term `qualifying child' includes an unborn child (as defined in section 1841(d) of title 18, United States Code) for any such taxable year if such child is born and issued a social security number (as defined in paragraph (7)) before the due date for the return of tax (without regard to extensions) for the taxable year. ``(B) Double credit in case of children unable to claim credit.--In the case of any child born during a taxable year described in paragraph (1) who is not taken into account under subparagraph (A) for the taxable year immediately preceding the taxable year in which the child is born, the amount of the credit determined under this section with respect to such child for the taxable year of the child's birth shall be increased by 100 percent.''. \_\_\_\_\_\_ SA 1816. Mr. TOOMEY submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 456, between lines 2 and 3, insert the following: ``(E) Phase in of percentage used in determining excess indebtedness.--In the case of any taxable year beginning in a calendar year before 2022, the following percentages shall be substituted for `110 percent' in applying subparagraph (B)(ii): ``(i) 130 percent for calendar year 2018. ``(ii) 125 percent for calendar year 2019. ``(iii) 120 percent for calendar year 2020. ``(iv) 115 percent for calendar year 2021. \_\_\_\_\_\_ SA 1817. Mr. HOEVEN (for himself, Mr. Gardner, Mr. Boozman, Mrs. Ernst, Mr. Blunt, Mr. Risch, Mr. Rounds, and Mr. Moran) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike section 13305 and insert the following: SEC. 13305. DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES FOR FARMING BUSINESSES. (a) Limitation.-- (1) In general.--Section 199 is amended-- (A) in subsection (a), by striking ``There shall be'' and inserting ``Subject to subsection (e), there shall be''; and (B) by adding at the end the following new subsection: ``(e) Limitation.--Notwithstanding any other provision of law, effective with taxable years beginning after December 31, 2018, the deduction for income attributable to domestic production activities provided under this section shall be allowed only with respect to domestic production activities incurred in any farming trade or business, including with respect to any ***agricultural*** and horticultural cooperative described in subsection (d).''. (2) Administration.--Until the date on which any regulations necessary to carry out the provisions of and amendments made by this subsection are fully implemented, the Secretary shall continue to carry out section 199 of the Internal Revenue Code of 1986 in the same manner as on the day before the date of enactment of this Act, including with respect to ***agricultural*** and horticultural cooperatives, except that deductions allowed under such section shall be allowed consistent with subsection (e) of such section (as added by paragraph (1)). (b) Tax on Certain Farmers' Cooperatives.-- (1) In general.--Section 1381(b) is amended to read as follows: ``(b) Tax on Certain Farmers' Cooperatives.--An organization described in subsection (a)(1) shall be subject to the tax imposed by section 11, except that in the case of an organization eligible for a deduction under section 199 for the taxable year by reason of subsection (e) thereof, section 11(b) shall be applied by substituting `35 percent' for `20 percent'.''. (2) Effective date.--The amendment made by this subsection shall apply to taxable years beginning after December 31, 2018. (c) Repeal of Special Rule for Deduction for Qualified Cooperative Dividends.-- (1) In general.--Section 199A, as added by section 11011 of this Act is amended -- (A) by striking ``and qualified cooperative dividends'' in subsection (b)(1)(B) thereof, and (B) by striking paragraph (4) of subsection (e) thereof. (2) Effective date.--The amendments made by this section shall apply as if included in the amendments made by section 11011 of this Act. \_\_\_\_\_\_ SA 1818. Mr. ENZI submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the end of subpart B of part VII of subtitle C of title I, add the following: SEC. 1361\_. MODIFICATION OF RULES GOVERNING HARDSHIP DISTRIBUTIONS. (a) In General.--Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury shall modify Treasury Regulation section 1.401(k)- 1(d)(3)(iv)(E) to-- (1) delete the 6-month prohibition on contributions imposed by paragraph (2) thereof, and (2) make any other modifications necessary to carry out the purposes of section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986. (b) Effective Date.--The revised regulations under this section shall apply to ***plan*** years beginning after December 31, 2017. \_\_\_\_\_\_ SA 1819. Mr. HATCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 440, strike lines 16 through 25, and insert the following: ``(i) Sales to related parties.--If property is sold to a related party who is not a United States person, such sale shall not be treated as for a foreign use unless-- ``(I) such property is ultimately sold by a related party, or used by a related party in connection with property which is sold or the provision of services, to another person who is an unrelated party who is not a United States person, and ``(II) the taxpayer establishes to the satisfaction of the Secretary that such property is for a foreign use. For purposes of this clause, a sale of property shall be treated as a sale of each of the components thereof. \_\_\_\_\_\_ SA 1820. Mr. HATCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the end of subpart D of part VII of subtitle C of title I, add the following: [[Page S7724]] SEC. 13543. MODIFICATION OF TREATMENT OF S CORPORATION CONVERSIONS TO C CORPORATIONS. (a) In General.--Section 1371 is amended by adding at the end the following new subsection: ``(f) Cash Distributions Following Post-termination Transition Period.-- ``(1) In general.--In the case of a distribution of money by an eligible terminated S corporation after the post- termination transition period, the accumulated adjustments account shall be allocated to such distribution, and the distribution shall be chargeable to accumulated earnings and profits, in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits. ``(2) Eligible terminated s corporation.--For purposes of this subsection, the term `eligible terminated S corporation' means any C corporation-- ``(A) which-- ``(i) was an S corporation on the day before the date of the enactment of the Tax Cuts and Jobs Act, and ``(ii) during the 2-year period beginning on the date of such enactment makes a revocation of its election under section 1362(a), and ``(B) the owners of the stock of which, determined on the date such revocation is made, are the same owners (and in identical proportions) as on the date of such enactment.''. (b) Effective Date.--The amendments made by this sectin shall apply to distributions after the date of the enactment of this Act. \_\_\_\_\_\_ SA 1821. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place, insert the following: SEC. \_\_. CONSOLIDATION OF EDUCATION SAVINGS RULES. (a) No New Contributions to Coverdell Education Savings Account.--Section 530(b)(1)(A) is amended to read as follows: ``(A) Except in the case of rollover contributions, no contribution will be accepted after December 31, 2017.''. (b) Limited Distribution Allowed for Elementary and Secondary Tuition and Qualified Early Education Expenses.-- (1) In general.--Section 529(c) is amended by adding at the end the following new paragraph: ``(7) Treatment of elementary and secondary tuition and qualified early education expenses.--Each reference in this section to the term `qualified higher education expense' is deemed to include-- ``(A) a reference to expenses for tuition in connection with enrollment at an elementary or secondary school; and ``(B) a reference to expenses for providing educational and other care to a child under age 5, as determined under the law of the State involved, provided pursuant to attendance at a school or facility licensed in the State for such purpose (referred to in this section as `qualified early education expenses').''. (2) Limitation.--Section 529(e)(3)(A) is amended by adding at the end the following: ``The amount of cash distributions from all qualified tuition ***pro grams*** described in subsection (b)(1)(A)(ii) with respect to a beneficiary during any taxable year, shall, in the aggregate, include (as the case may be) not more than $10,000 in expenses for tuition incurred during the taxable year in connection with the enrollment or attendance of the beneficiary as an elementary or secondary school student at a public, private, or religious school; or not more than $10,000 in qualified early education expenses incurred during the taxable year.''. (c) Rollovers From Coverdell Education Savings Accounts to Qualified Tuition ***Programs***.--Section 530(d)(5) is amended by inserting ``, or into (by purchase or contribution) a qualified tuition ***program*** (as defined in section 529),'' after ``into another Coverdell education savings account''. (d) Effective Dates.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made after December 31, 2017. (2) Rollovers to qualified tuition ***programs***.--The amendments made by subsection (b) shall apply to distributions after December 31, 2017. \_\_\_\_\_\_ SA 1822. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike section 13532. \_\_\_\_\_\_ SA 1823. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 187, strike line 15 and insert the following: ``body of an elective cooperative; or ``(v) manufacturers making upgrades to comply with State or Federal environmental regulations. \_\_\_\_\_\_ SA 1824. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 30, line 10, insert ``(except with respect to engineering and architecture)'' after ``1202(e)(3)(A)''. \_\_\_\_\_\_ SA 1825. Mr. HOEVEN (for himself, Mr. Gardner, Mr. Boozman, Mrs. Ernst, Mr. Blunt, Mr. Risch, Mr. Rounds, Mr. Moran, Mr. Cotton, and Mr. Daines) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike section 13305 and insert the following: SEC. 13305. DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES FOR FARMING BUSINESSES. (a) Limitation.-- (1) In general.--Section 199 is amended-- (A) in subsection (a), by striking ``There shall be'' and inserting ``Subject to subsection (e), there shall be''; and (B) by adding at the end the following new subsection: ``(e) Limitation.--Effective with taxable years beginning after December 31, 2018, the deduction for income attributable to domestic production activities provided under this section shall be allowed only with respect to domestic production activities incurred in any farming trade or business, including with respect to any ***agricultural*** and horticultural cooperative described in subsection (d).''. (2) Administration.--Until the date on which any regulations necessary to carry out the provisions of and amendments made by this subsection are fully implemented, the Secretary shall continue to carry out section 199 of the Internal Revenue Code of 1986 in the same manner as on the day before the date of enactment of this Act, including with respect to ***agricultural*** and horticultural cooperatives, except that deductions allowed under such section shall be allowed consistent with subsection (e) of such section (as added by paragraph (1)). (b) Tax on Certain Farmers' Cooperatives.-- (1) In general.--Section 1381(b) is amended to read as follows: ``(b) Tax on Certain Farmers' Cooperatives.--An organization described in subsection (a)(1) shall be subject to the tax imposed by section 11, except that in the case of an organization eligible for a deduction under section 199 for the taxable year by reason of subsection (e) thereof, section 11(b) shall be applied by substituting `35 percent' for `20 percent'.''. (2) Effective date.--The amendment made by this subsection shall apply to taxable years beginning after December 31, 2018. (c) Repeal of Special Rule for Deduction for Qualified Cooperative Dividends.-- (1) In general.--Section 199A, as added by section 11011 of this Act is amended -- (A) by striking ``and qualified cooperative dividends'' in subsection (b)(1)(B) thereof, and (B) by striking paragraph (4) of subsection (e) thereof. (2) Effective date.--The amendments made by this section shall apply as if included in the amendments made by section 11011 of this Act. \_\_\_\_\_\_ SA 1826. Mr. SCOTT (for himself, Mr. Blunt, Mr. Portman, Mr. Isakson, Mr. Grassley, Mr. Crapo, Mr. Roberts, Mr. Rounds, Mr. Strange, Mr. Shelby, Mrs. Ernst, Mr. Cassidy, and Ms. Collins) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: [[Page S7725]] On page 254, strike lines 10 through 25 and insert the following: SEC. 13517. COMPUTATION OF LIFE INSURANCE TAX RESERVES. (a) In General.-- (1) Computation of reserves.--Section 807(c) is amended to read as follows: ``(c) Items Taken Into Account.--The items referred to in subsections and (b)

are as follows-- ``(1) The life insurance reserves (as defined in section 816(b)). ``(2) The unearned premiums and unpaid losses included in total reserves under section 816(c)(2). ``(3) The amounts (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made under this paragraph) life, accident, or health contingencies. ``(4) Dividend accumulations, and other amounts, held at interest in connection with insurance and annuity contracts. ``(5) Premiums received in advance, and liabilities for premium deposit funds. ``(6) Reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or a combination thereof. For purposes of paragraph (3), the appropriate rate of interest is the highest rate or rates permitted to be used to discount the obligations by the National Association of Insurance Commissioners as of the date the reserve is determined. In no case shall the amount determined under paragraph (3) for any contract be less than the net surrender value of such contract. For purposes of paragraph (2) and section 805(a)(1), the amount of the unpaid losses (other than losses on life insurance contracts) shall be the amount of the discounted unpaid losses as defined in section 846.''. (2) Section 807(d) is amended-- (A) by striking paragraphs (1), (2), (4), and (5), (B) by redesignating paragraph (6) as paragraph (4), (C) by inserting before paragraph (3) the following new paragraphs: ``(1) Determination of reserve.-- ``(A) In general.--For purposes of this part (other than section 816), the amount of the life insurance reserves for any contract (other than a contract to which subparagraph (B) applies) shall be the greater of-- ``(i) the net surrender value of such contract, or ``(ii) 92.87 percent of the reserve determined under paragraph (2). ``(B) Variable contracts.--For purposes of this part (other than section 816), the amount of the life insurance reserves for a variable contract shall be equal to the sum of-- ``(i) the greater of-- ``(I) the net surrender value of such contract, or ``(II) the portion of the reserve that is separately accounted for under section 817, plus ``(ii) 92.87 percent of the excess (if any) of the reserve determined under paragraph (2) over the amount in clause (i). ``(C) Statutory cap.--In no event shall the reserves determined under subparagraphs (A) or (B) for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining statutory reserves (as defined in paragraph (4)). ``(2) Amount of reserve.--The amount of the reserve determined under this paragraph with respect to any contract shall be determined by using the tax reserve method applicable to such contract.'', (D) by striking ``(as of the date of issuance)'' in paragraph (3)(A)(iv)(I) and inserting ``(as of the date the reserve is determined)'', (E) by striking ``as of the date of the issuance of'' in paragraph (3)(A)(iv)(II) and inserting ``as of the date the reserve is determined for'', (F) by striking ``in effect on the date of the issuance of the contract'' in paragraph (3)(B)(i) and inserting ``applicable to the contract and in effect as of the date the reserve is determined'', and (G) by striking ``in effect on the date of the issuance of the contract'' in paragraph (3)(B)(ii) and inserting ``applicable to the contract and in effect as of the date the reserve is determined''. (3) Section 807(e) is amended-- (A) by striking paragraphs (2) and (5), (B) by redesignating paragraphs (3), (4), (6), and (7) as paragraphs (2), (3), (4), and (5), respectively, (C) by amending paragraph (2) (as so redesignated) to read as follows: ``(2) Qualified supplemental benefits.-- ``(A) Qualified supplemental benefits treated separately.-- For purposes of this part, the amount of the life insurance reserve for any qualified supplemental benefit shall be computed separately as though such benefit were under a separate contract. ``(B) Qualified supplemental benefit.--For purposes of this paragraph, the term `qualified supplemental benefit' means any supplemental benefit described in subparagraph (C) if-- ``(i) there is a separately identified premium or charge for such benefit, and ``(ii) any net surrender value under the contract attributable to any other benefit is not available to fund such benefit. ``(C) Supplemental benefits.--For purposes of this paragraph, the supplemental benefits described in this subparagraph are any-- ``(i) guaranteed insurability, ``(ii) accidental death or disability benefit, ``(iii) convertibility, ``(iv) disability waiver benefit, or ``(v) other benefit prescribed by regulations, which is supplemental to a contract for which there is a reserve described in subsection (c).'', and (D) by adding at the end the following new paragraph: ``(6) Reporting rules.--The Secretary shall require reporting (at such time and in such manner as the Secretary shall prescribe) with respect to the opening balance and closing balance of reserves and with respect to the method of computing reserves for purposes of determining income.''. (4) Section 7702 is amended-- (A) by striking clause (i) of subsection (c)(3)(B) and inserting the following: ``(i) reasonable mortality charges which meet the requirements prescribed in regulations to be promulgated by the Secretary or that do not exceed the mortality charges specified in the prevailing commissioners' standard tables as defined in subsection (f)(10),'' and (B) by adding at the end of subsection (f) the following new paragraph: ``(10) Prevailing commissioners' standard tables.--For purposes of subsection (c)(3)(B)(i), the term `prevailing commissioners' standard tables' means the most recent commissioners' standard tables prescribed by the National Association of Insurance Commissioners which are permitted to be used in computing reserves for that type of contract under the insurance laws of at least 26 States when the contract was issued. If the prevailing commissioners' standard tables as of the beginning of any calendar year (hereinafter in this paragraph referred to as the `year of change') are different from the prevailing commissioners' standard tables as of the beginning of the preceding calendar year, the issuer may use the prevailing commissioners' standard tables as of the beginning of the preceding calendar year with respect to any contract issued after the change and before the close of the 3-year period beginning on the first day of the year of change.''. (b) Conforming Amendments.-- (1) Section 808 is amended by adding at the end the following new subsection: ``(g) Prevailing State Assumed Interest Rate.--For purposes of this subchapter-- ``(1) In general.--The term `prevailing State assumed interest rate' means, with respect to any contract, the highest assumed interest rate permitted to be used in computing life insurance reserves for insurance contracts or annuity contracts (as the case may be) under the insurance laws of at least 26 States. For purposes of the preceding sentence, the effect of nonforfeiture laws of a State on interest rates for reserves shall not be taken into account. ``(2) When rate determined.--The prevailing State assumed interest rate with respect to any contract shall be determined as of the beginning of the calendar year in which the contract was issued.''. (2) Paragraph (1) of section 811(d) is amended by striking ``the greater of the prevailing State assumed interest rate or applicable Federal interest rate in effect under section 807'' and inserting ``the interest rate in effect under section 808(g)''. (3) Subparagraph (A) of section 846(f)(6) is amended by striking ``except that'' and all that follows and inserting ``except that the limitation of subsection (a)(3) shall apply, and''. (4) Subparagraph (B) of section 954(i)(5) is amended by striking ``shall apply, and''. (c) Effective Date.-- (1) In general.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. (2) Transition rule.--For the first taxable year beginning after December 31, 2017, the reserve with respect to any contract (as determined under section 807(d)(2) of the Internal Revenue Code of 1986) at the end of the preceding taxable year shall be determined as if the amendments made by this section had applied to such reserve in such preceding taxable year. (3) Transition relief.-- (A) In general.--If-- (i) the reserve determined under section 807(d)(2) of the Internal Revenue Code of 1986 (determined without regard to the amendments made by this section) with respect to any contract as of the close of the year preceding the first taxable year beginning after December 31, 2017, differs from (ii) the reserve which would have been determined with respect to such contract as of the close of such taxable year under such section determined without regard to paragraph (2), then the difference between the amount of the reserve described in clause (i) and the amount of the reserve described in clause (ii) shall be taken into account under the method provided in subparagraph (B). (B) Method.--The method provided in this subparagraph is as follows: (i) If the amount determined under subparagraph (A)(i) exceeds the amount determined under subparagraph (A)(ii), 1/8 of such excess shall be taken into account, for each [[Page S7726]] of the 8 succeeding taxable years, as a deduction under section 805(a)(2) or 832(c)(4) of such Code, as applicable. (ii) If the amount determined under subparagraph (A)(ii) exceeds the amount determined under subparagraph (A)(i), 1/8 of such excess shall be included in gross income, for each of the 8 succeeding taxable years, under section 803(a)(2) or 832(b)(1)(C) of such Code, as applicable. SEC. 13518. MODIFICATION OF RULES FOR LIFE INSURANCE PRORATION FOR PURPOSES OF DETERMINING THE DIVIDENDS RECEIVED DEDUCTION. (a) In General.--Section 812 is amended to read as follows: ``SEC. 812. DEFINITION OF COMPANY'S SHARE AND POLICYHOLDER'S SHARE. ``(a) Company's Share.--For purposes of section 805(a)(4), the term `company's share' means, with respect to any taxable year beginning after December 31, 2017, 70 percent. ``(b) Policyholder's Share.--For purposes of section 807, the term `policyholder's share' means, with respect to any taxable year beginning after December 31, 2017, 30 percent.''. (b) Conforming Amendment.--Section 817A(e)(2) is amended by striking ``, 807(d)(2)(B), and 812'' and inserting ``and 807(d)(2)(B)''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13519. CAPITALIZATION OF CERTAIN POLICY ACQUISITION EXPENSES. (a) In General.-- (1) Section 848(a)(2) is amended by striking ``120-month'' and inserting ``180-month''. (2) Section 848(c)(1) is amended by striking ``1.75 percent'' and inserting ``2.1 percent''. (3) Section 848(c)(2) is amended by striking ``2.05 percent'' and inserting ``2.46 percent''. (4) Section 848(c)(3) is amended by striking ``7.7 percent'' and inserting ``9.24 percent''. (b) Conforming Amendments.--Section 848(b)(1) is amended by striking ``120-month'' and inserting ``180-month''. (c) Effective Date.-- (1) In general.--The amendments made by this section shall apply to net premiums for taxable years beginning after December 31, 2017. (2) Transition rule.--Specified policy acquisition expenses first required to be capitalized in a taxable year beginning before January 1, 2018, will continue to be allowed as a deduction ratably over the 120-month period beginning with the first month in the second half of such taxable year. \_\_\_\_\_\_ SA 1827. Mr. BURR submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the end of part IV of subtitle C of title I, add the following: SEC. 13311. 7-YEAR CLASS LIFE FOR MOTORSPORTS ENTERTAINMENT COMPLEX FACILITIES MADE PERMANENT. (a) In General.--Section 168(i)(15) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D). (b) Effective Date.--The amendment made by this section shall apply to property placed in service after December 31, 2016. \_\_\_\_\_\_ SA 1828. Ms. COLLINS (for herself and Mr. King) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the end of part III of subtitle A of title I, insert the following: SEC. 11030. REFUNDABILITY OF CHILD AND DEPENDENT CARE TAX CREDIT. (a) In General.--The Internal Revenue Code of 1986 is amended-- (1) by redesignating section 21 as section 36C, and (2) by moving section 36C, as so redesignated, from subpart A of part IV of subchapter A of chapter 1 to the location immediately before section 37 in subpart C of part IV of subchapter A of chapter 1. (b) Technical Amendments.-- (1) Paragraph (1) of section 23(f) is amended by striking ``21(e)'' and inserting ``36C(e)''. (2) Paragraph (6) of section 35(g) is amended by striking ``21(e)'' and inserting ``36C(e)''. (3) Paragraph (1) of section 36C(a) (as redesignated by subsection (a)) is amended by striking ``this chapter'' and inserting ``this subtitle''. (4) Subparagraph (C) of section 129(a)(2) is amended by striking ``section 21(e)'' and inserting ``section 36C(e)''. (5) Paragraph (2) of section 129(b) is amended by striking ``section 21(d)(2)'' and inserting ``section 36C(d)(2)''. (6) Paragraph (1) of section 129(e) is amended by striking ``section 21(b)(2)'' and inserting ``section 36C(b)(2)''. (7) Subsection (e) of section 213 is amended by striking ``section 21'' and inserting ``section 36C''. (8) Subparagraph (H) of section 6213(g)(2) is amended by striking ``section 21'' and inserting ``section 36C''. (9) Subparagraph (L) of section 6213(g)(2) is amended by striking ``section 21, 24, or 32,'' and inserting ``section 24, 32, or 36C,''. (10) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ``36C,'' after ``36B,''. (11) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 36B the following: ``Sec. 36C. Expenses for household and dependent care services necessary for gainful employment.''. (12) The table of sections for subpart A of such part IV is amended by striking the item relating to section 21. (c) Offset.--Section 1061, as added by section 13310, is amended-- (1) by striking ``3 years'' in subsection (a)(2) and inserting ``8 years'', (2) by striking ``3 years'' in subsection (d)(1)(A) and inserting ``8 years'', and (3) by striking ``three calendar years'' in subsection (d)(2)(B) and inserting ``8 calendar years''. (d) Effective Date.--The amendments made by subsections (a), (b), and (c) shall apply to taxable years beginning after December 31, 2017. \_\_\_\_\_\_ SA 1829. Mr. RISCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 33, between lines 17 and 18, insert the following: ``(5) Special rule for bdc dividends.-- ``(A) In general.--For purposes of this section, a qualified BDC dividend shall be treated in the same manner as a qualified REIT dividend. ``(B) Qualified bdc dividend.--For purposes of this paragraph, the term `qualified BDC dividend' means any dividend received from an electing business development company during the taxable year which is not-- ``(i) a capital gain dividend, as defined in section 852(b)(3), and ``(ii) qualified dividend income, as defined in section 1(h)(11). ``(C) Electing business development company.--For purposes of this paragraph, the term `electing business development company' means a business development company (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C 80a-2(a))) which has an election in effect under section 851 to be treated as a regulated investment company. \_\_\_\_\_\_ SA 1830. Mr. RISCH submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 33, between lines 17 and 18, insert the following: ``(5) Special rule for bdc dividends.-- ``(A) In general.--For purposes of this section, a qualified BDC dividend shall be treated in the same manner as a qualified REIT dividend. ``(B) Qualified bdc dividend.--For purposes of this paragraph, the term `qualified BDC dividend' means any dividend received from an electing business development company during the taxable year which is not-- ``(i) a capital gain dividend, as defined in section 852(b)(3), and ``(ii) qualified dividend income, as defined in section 1(h)(11). ``(C) Electing business development company.--For purposes of this paragraph, the term `electing business development company' means a business development company (as defined in section 2(a) of the Investment Company Act of 1940 (15 U.S.C 80a-2(a))) which has an election in effect under section 851 to be treated as a regulated investment company. \_\_\_\_\_\_ SA 1831. Mr. KAINE (for himself, Mr. Manchin, Mr. Bennet, and Mrs. McCaskill) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 104, strike line 15 and all that follows through page 112, line 12 and insert the following: Subtitle B--Permanent Individual Income Tax Relief for Middle Class SEC. 12001. AMENDMENT OF INCOME TAX BRACKETS. (a) Married Individuals Filing Joint Returns and Surviving Spouses.--The table contained in subsection (a) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $19,050.......................... 10% of taxable income. Over $19,050 but not over $77,400......... $1,905, plus 12% of the excess over $19,050. [[Page S7727]] Over $77,400 but not over $140,000........ $8,907, plus 22% of the excess over $77,400. Over $140,000 but not over $320,000....... $22,679, plus 24% of the excess over $140,000. Over $320,000 but not over $400,000....... $65,879, plus 32% of the excess over $320,000. Over $400,000 but not over $480,050....... $91,479, plus 35% of the excess over $400,000. Over $480,050............................. $119,496.50, plus 39.6% of the excess over $480,050. (b) Heads of Households.--The table contained in subsection (b) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $13,600.......................... 10% of taxable income. Over $13,600 but not over $51,800......... $1,360, plus 12% of the excess over $13,600. Over $51,800 but not over $70,000......... $5,944, plus 22% of the excess over $51,800. Over $70,000 but not over $160,000........ $9,948, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $31,548, plus 32% of the excess over $160,000. Over $200,000 but not over $453,350....... $44,348, plus 35% of the excess over $200,000. Over $453,350............................. $133,020.50, plus 39.6% of the excess over $453,350. (c) Unmarried Individuals Other Than Surviving Spouses and Heads of Households.--The table contained in subsection (c) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $426,700....... $45,739.50, plus 35% of the excess over $200,000. Over $426,700............................. $125,084.50, plus 39.6% of the excess over $426,700. (d) Married Individuals Filing Separate Returns.--The table contained in subsection (d) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $240,026....... $45,739.50, plus 35% of the excess over $200,000. Over $240,026............................. $59,748.60, plus 39.6% of the excess over $240,026. (e) Estates and Trusts.--The table contained in subsection (e) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $2,550........................... 10% of taxable income. Over $2,550 but not over $9,150........... $255, plus 24% of the excess over $2,550. Over $9,150 but not over $12,700.......... $1,839, plus 35% of the excess over $9,150. Over $12,700.............................. $3,081.50, plus 39.6% of the excess over $12,700. (f) Inflation Adjustment.--Section 1(f)(2)(A), as amended by this Act, is amended by striking ``1992'' and inserting ``2017''. (g) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2025. SEC. 12002. CORPORATE TAX RATE. (a) In General.--Section 11(b), as amended by this Act, is amended by striking ``20 percent'' and inserting ``25 percent''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2018. \_\_\_\_\_\_ SA 1832. Mr. JOHNSON submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place, insert the following: SEC. \_\_. MODIFICATION OF TREATMENT OF S CORPORATION CONVERSIONS TO C CORPORATIONS. (a) Adjustments Attributable to Conversion From S Corporation to C Corporation.--Section 481 is amended by adding at the end the following new subsection: ``(d) Adjustments Attributable to Conversion From S Corporation to C Corporation.-- ``(1) In general.--In the case of an eligible terminated S corporation, any adjustment required by subsection (a)(2) which is attributable to such corporation's revocation described in paragraph (2)(A)(ii) shall be taken into account ratably during the 10-taxable year period beginning with the year of the change. ``(2) Eligible terminated s corporation.--For purposes of this subsection, the term `eligible terminated S corporation' means any C corporation-- ``(A) which-- ``(i) was an S corporation on the day before the date of the enactment of the Tax Cuts and Jobs Ac; and ``(ii) during the 3-year period beginning on the date of such enactment makes a revocation of its election under section 1362(a); and ``(B) the owners of the stock of which, determined on the date such revocation is made, are the same owners (and in identical proportions) as on the date of such enactment.''. (b) Cash Distributions Following Post-termination Transition Period From S Corporation Status.--Section 1371 is amended by adding at the end the following new subsection: ``(f) Cash Distributions Following Post-termination Transition Period.--In the case of a distribution of money by an eligible terminated S corporation (as defined in section 481(d)) after the post-termination transition period, the accumulated adjustments account shall be allocated to such distribution, and the distribution shall be chargeable to accumulated earnings and profits, in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits.''. \_\_\_\_\_\_ SA 1833. Mr. SCOTT (for himself and Mr. Portman) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike section 13823 and insert the following: SEC. 13823. OPPORTUNITY ZONES. (a) In General.--Chapter 1 is amended by adding at the end the following: ``Subchapter Z--Opportunity Zones ``Sec. 1400Z-1. Designation. ``Sec. 1400Z-2. Special rules for capital gains invested in opportunity zones. ``SEC. 1400Z-1. DESIGNATION. ``(a) Qualified Opportunity Zone Defined.--For the purposes of this subchapter, the term `qualified opportunity zone' means a population census tract that is a low-income community that is designated as a qualified opportunity zone. ``(b) Designation.-- ``(1) In general.--For purposes of subsection (a), a population census tract that is a low-income community is designated as a qualified opportunity zone if-- ``(A) not later than the end of the determination period, the governor of the State in which the tract is located-- ``(i) nominates the tract for designation as a qualified opportunity zone, and ``(ii) notifies the Secretary in writing of such nomination, and ``(B) the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period. ``(2) Extension of periods.--A governor may request that the Secretary extend either the determination or consideration period, or both (determined without regard to this subparagraph), for an additional 30 days. ``(c) Other Definitions.--For purposes of this subsection-- ``(1) Low-income communities.--The term `low-income community' has the same meaning as when used in section 45D(e). ``(2) Definition of periods.-- ``(A) Consideration period.--The term `consideration period' means the 30-day period beginning on the date on which the Secretary receives notice under subsection (b)(1)(A)(ii), as extended under subsection (b)(2). ``(B) Determination period.--The term `determination period' means the 90-day period beginning on the date of the enactment of the Tax Cuts and Jobs Act, as extended under subsection (b)(2). ``(3) State.--For purposes of this section, the term `State' includes any possession of the United States. ``(d) Number of Designations.-- ``(1) In general.--Except as provided by paragraph (2), the number of population census tracts in a State that may be designated as qualified opportunity zones under this section may not exceed 25 percent of the number of low-income communities in the State. ``(2) Exception.--If the number of low-income communities in a State is less than 100, then a total of 25 of such tracts may be designated as qualified opportunity zones. ``(e) Designation of Tracts Contiguous With Low-Income Communities.-- ``(1) In general.--A population census tract that is not a low-income community may be designated as a qualified opportunity zone under this section if-- ``(A) the tract is contiguous with the low-income community that is designated as a qualified opportunity zone, and ``(B) the median family income of the tract does not exceed 125 percent of the median family income of the low-income community with which the tract is contiguous. ``(2) Limitation.--Not more than 5 percent of the population census tracts designated in a State as a qualified opportunity zone may be designated under paragraph (1). ``(f) Period for Which Designation Is in Effect.--A designation as a qualified opportunity zone shall remain in effect for the period beginning on the date of the designation [[Page S7728]] and ending at the close of the 10th calendar year beginning on or after such date of designation. ``SEC. 1400Z-2. SPECIAL RULES FOR CAPITAL GAINS INVESTED IN OPPORTUNITY ZONES. ``(a) In General.--In the case of gain from the sale to, or exchange with, an unrelated person of any property held by the taxpayer, at the election of the taxpayer-- ``(1) gross income for the taxable year shall not include so much of such gain as does not exceed the aggregate amount invested by the taxpayer in a qualified opportunity fund during the 180-day period beginning on the date of such sale or exchange, ``(2) the amount of gain excluded by paragraph (1) shall be included in gross income as provided by subsection (b), and ``(3) subsection (c) shall apply. No election may be made under the preceding sentence with respect to a sale or exchange if an election previously made with respect to such sale or exchange is in effect. ``(b) Deferral of Gain Invested in Opportunity Zone Property.-- ``(1) Year of inclusion.--Gain to which subsection (a)(2) applies shall be included in income in the taxable year which includes the earlier of-- ``(A) the date on which such investment is sold or exchanged, or ``(B) December 31, 2026. ``(2) Amount includible.-- ``(A) In general.--The amount of gain included in gross income under subsection (a)(1) shall be the excess of-- ``(i) the lesser of the amount of gain excluded under paragraph (1) or the fair market value of the property as determined as of the date described in paragraph (1), over ``(ii) the taxpayer's basis in the investment. ``(B) Determination of basis.-- ``(i) In general.--Except as otherwise provided in this clause or subsection (c), the taxpayer's basis in the investment shall be zero. ``(ii) Increase for gain recognized under subsection (a)(2).--The basis in the investment shall be increased by the amount of gain recognized by reason of subsection (a)(2) with respect to such property. ``(iii) Investments held for 5 years.--In the case of any investment held for at least 5 years, the basis of such investment shall be increased by an amount equal to 10 percent of the amount of gain deferred by reason of subsection (a)(1). ``(iv) Investments held for 7 years.--In the case of any investment held by the taxpayer for at least 7 years, in addition to any adjustment made under clause (iii), the basis of such property shall be increased by an amount equal to 5 percent of the amount of gain deferred by reason of subsection (a)(1). ``(c) Special Rule for Investments Held for at Least 10 Years.--In the case of any investment held by the taxpayer for at least 10 years and with respect to which the taxpayer makes an election under this clause, the basis of such property shall be equal to the fair market value of such investment on the date that the investment is sold or exchanged. ``(d) Qualified Opportunity Fund.--For purposes of this section-- ``(1) Qualified opportunity fund.--The term `qualified opportunity fund' means any investment vehicle which is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund) that holds at least 90 percent of its assets in qualified opportunity zone property, determined-- ``(A) on the last day of the first 6-month period of the taxable year of the fund, and ``(B) on the last day of the taxable year of the fund. ``(2) Qualified opportunity zone property.-- ``(A) In general.--The term `qualified opportunity zone property' means property which is-- ``(i) qualified opportunity zone stock, ``(ii) qualified opportunity zone partnership interest, or ``(iii) qualified opportunity zone business property. ``(B) Qualified opportunity zone stock.-- ``(i) In general.--Except as provided in clause (ii), the term `qualified opportunity zone stock' means any stock in a domestic corporation if-- ``(I) such stock is acquired by the taxpayer after December 31, 2017, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash, ``(II) as of the time such stock was issued, such corporation was a qualified opportunity zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a qualified opportunity zone business), and ``(III) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a qualified opportunity zone business. ``(ii) Redemptions.--A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph. ``(C) Qualified opportunity zone partnership interest.--The term `qualified opportunity zone partnership interest' means any capital or profits interest in a domestic partnership if-- ``(i) such interest is acquired by the taxpayer after December 31, 2017, from the partnership solely in exchange for cash, ``(ii) as of the time such interest was acquired, such partnership was a qualified opportunity zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being a qualified opportunity zone business), and ``(iii) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a qualified opportunity zone business. ``(D) Qualified opportunity zone business property.-- ``(i) In general.--The term `qualified opportunity zone business property' means tangible property used in a trade or business of the taxpayer if-- ``(I) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2017, ``(II) the original use of such property in the qualified opportunity zone commences with the taxpayer or the taxpayer substantially improves the property, and ``(III) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a qualified opportunity zone. ``(ii) Substantial improvement.--For purposes of subparagraph (A)(ii), property shall be treated as substantially improved by the taxpayer only if, during any 30-month period beginning after the date of acquisition of such property, additions to basis with respect to such property in the hands of the taxpayer exceed an amount equal to the adjusted basis of such property at the beginning of such 30-month period in the hands of the taxpayer. ``(iii) Related party.--For purposes of subparagraph (A)(i), the related person rule of section 179(d)(2) shall be applied pursuant to paragraph (8) of this subsection in lieu of the application of such rule in section 179(d)(2)(A). ``(3) Qualified opportunity zone business.-- ``(A) In general.--The term `qualified opportunity zone business' means a trade or business-- ``(i) in which substantially all of the tangible property owned or leased by the taxpayer is qualified opportunity zone business property, ``(ii) which satisfies the requirements of paragraphs (2), (4), and (8) of section 1397C(b), and ``(iii) which is not described in section 144(c)(6)(B). ``(B) Special rule.--For purposes of subparagraph (A), tangible property that ceases to be a qualified opportunity zone business property shall continue to be treated as a qualified opportunity zone business property for the lesser of-- ``(i) 5 years after the date on which such tangible property ceases to be so qualified, or ``(ii) the date on which such tangible property is no longer held by the qualified opportunity zone business. ``(e) Applicable Rules.-- ``(1) Treatment of investments with mixed funds.--In the case of any investment in a qualified opportunity fund only a portion of which consists of investments of gain to which an election under subsection (a)(1) is in effect-- ``(A) such investment shall be treated as 2 separate investments, consisting of-- ``(i) one investment that only includes amounts to which the election under subsection (a)(1) applies, and ``(ii) a separate investment consisting of other amounts, and ``(B) subsections (a), (b), and (c) shall only apply to the investment described in subparagraph (A)(i). ``(2) Related persons.--For purposes of this section, persons are related to each other if such persons are described in section 267(b) or 707(b)(1), determined by substituting `20 percent' for `50 percent' each place it occurs in such sections. ``(3) Decedents.--In the case of a decedent, amounts recognized under this section shall, if not properly includible in the gross income of the decedent, be includible in gross income as provided by section 691. ``(4) Regulations.--The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including-- ``(A) rules for the certification of qualified opportunity funds for the purposes of this section, and ``(B) rules to prevent abuse. ``(f) Failure of Qualified Opportunity Fund to Maintain Investment Standard.-- ``(1) In general.--If a qualified opportunity fund fails to meet the 90-percent requirement of subsection (c)(1), the qualified opportunity fund shall pay a penalty for each month it fails to meet the requirement in an amount equal to the product of-- ``(A) the excess of-- ``(i) the amount equal to 90 percent of its aggregate assets, over ``(ii) the aggregate amount of qualified opportunity zone property held by the fund, multiplied by ``(B) the underpayment rate established under section 6621(a)(2) for such month. ``(2) Special rule for partnerships.--In the case that the qualified opportunity fund is a partnership, the penalty imposed by paragraph (1) shall be taken into account proportionately as part of the distributive share of each partner of the partnership. ``(3) Reasonable cause exception.--No penalty shall be imposed under this subsection with respect to any failure if it is shown that such failure is due to reasonable cause.''. [[Page S7729]] (b) Basis Adjustments.--Section 1016(a) is amended by striking ``and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting ``, and'', and by inserting after paragraph (37) the following: ``(38) to the extent provided in subsections (b)(2) and (c) of section 1400Z-2.''. (c) Clerical Amendment.--The table of subchapters for chapter 1 is amended by adding at the end the following new item: ``subchapter z. opportunity zones''. (d) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act. \_\_\_\_\_\_ SA 1834. Mr. BENNET submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place, insert the following: SEC. \_\_. INVESTMENT CREDIT FOR ELECTRICITY GRID SECURITY AND MODERNIZATION PROPERTY. (a) In General.--Section 48(a)(3)(A) is amended by striking ``or'' at the end of clause (vi), by inserting ``or'' at the end of clause (vii), and by adding at the end the following new clause: ``(viii) grid security and modernization property.''. (b) Rate of Credit.--Section 48(a)(2)(A) is amended-- (1) by striking ``and'' at the end of clause (i)(IV); (2) by redesignating clause (ii) as clause (iii); and (3) by inserting after clause (i) the following new clause: ``(ii) in the case of grid security and modernization property-- ``(I) 4 percent for the taxable year beginning after December 31, 2019, and ending before January 1, 2021, ``(II) 8 percent for the taxable year beginning after December 31, 2020, and ending before January 1, 2022, and ``(III) 20 percent for taxable years beginning after December 31, 2021, and''. (c) Grid Security and Modernization Property.-- (1) In general.--Section 48(c) is amended by adding at the end the following new paragraph: ``(5) Grid security and modernization property.-- ``(A) In general.--The term `grid security and modernization property' means any qualified software, qualified automated distribution device, advanced voltage control system, advanced metering property, and advanced and secure transmission system technologies. ``(B) Qualified software.--The term `qualified software' means any software which-- ``(i) is used to optimize efficiency or connectivity of the electrical grid, including detailed electrical models, modeling and simulation tools, distributed energy resource management systems used to control local generation and storage, and advanced distribution management systems used as the software platform to provide core system functions such as fault location, isolation, and service restoration, voltage optimization, and peak demand management, ``(ii) is developed with information assurance techniques to support encrypted communication, attributed identity, and non-repudiation, and ``(iii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy). ``(C) Qualified automated distribution device.--The term `qualified automated distribution device' means any automated device which-- ``(i) is used for distributing electricity through the electric grid, including property integral to local or centralized control systems, such as distribution sensors, communication security equipment (including communication encryption devices), automated switches, automated threat detection and remediation devices, system protective devices, smart inverters, and other property used to coordinate and control devices across the system, and ``(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy). ``(D) Advanced voltage control systems.--The term `advanced voltage control system' means any property which-- ``(i) is used to provide accurate and dynamic voltage control, including voltage regulators, capacitors, inverters, sensors, and communication devices, and ``(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy). ``(E) Advanced metering infrastructure.--The term `advanced metering infrastructure' means any property which-- ``(i) provides both the capability to measure services consumed from the utility and a two-way communication pathway between the utility control center and the meter, and ``(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy). ``(F) Advanced and secure transmission system technologies.--The term `advanced and secure transmission system technologies' means any property which-- ``(i) increases that efficiency, security, and reliability of a transmission facility, but not the main transmission property, and ``(ii) is approved for purposes of this section by the Secretary (in consultation with the Secretary of Energy).''. (2) List of approved property.-- (A) In general.--Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Energy, shall publish a list of property approved as grid security and modernization property under section 48(c)(5) of the Internal Revenue Code of 1986, as added by this subsection. (B) Updates.--The Secretary of the Treasury (or the Secretary's delegate), in consultation with the Secretary of Energy, shall revise the list published under subparagraph (A) not less frequently than every 3 years. (d) Effective Date.--The amendments made by this section shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990). \_\_\_\_\_\_ SA 1835. Mr. GRASSLEY (for himself, Mr. Portman, Mr. Heller, Mr. Roberts, and Mr. Thune) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 481, strike lines 14 through 19, and insert the following: (c) Rules Relating to Credits.-- (1) Disallowance of credits against base erosion tax.-- Paragraph (2) of section 26(b) is amended by inserting after subparagraph (A) the following new subparagraph: ``(B) section 59A (relating to base erosion and anti-abuse tax),''. (2) Allowance of unused business credits.--Section 39(a) is amended by adding at the end the following new paragraph: ``(5) Increase in current year credit for unused credits arising from base erosion tax.-- ``(A) In general.--If a taxpayer-- ``(i) is not an applicable taxpayer for the taxable year, but ``(ii) was an applicable taxpayer during any of the 5 preceding taxable years, then the taxpayer's current year business credit for the taxable year shall be increased by the unused base erosion credit amount for the taxable year. ``(B) Unused base erosion credit amount.--For purposes of this paragraph, the term `unused base erosion credit amount' means, with respect to any taxable year, the excess (if any) of-- ``(i) the sum of the amounts determined under subparagraph (C) for any of the 5 preceding years in which the taxpayer was an applicable taxpayer, over ``(ii) any portion of the amount described in clause (i) taken into account under subparagraph (A) for any preceding taxable year. ``(C) Determination of unused amount.--The amount determined under this subparagraph for any taxable year described in subparagraph (B)(i) shall be the excess (if any) of-- ``(i) the taxpayer's base erosion minimum tax amount for the taxable year without regard to this section, over ``(ii) the taxpayer's base erosion minimum tax amount for the taxable year which would have been determined if section 59A(b)(1)(B) had been applied by taking into account under clause (ii) thereof the total credit allowed under section 38 for the taxable year rather than only the portion properly allocable to the research credit determined under section 41(a). ``(D) Applicable taxpayer.--For purposes of this paragraph, the term `applicable taxpayer' has the meaning given such term by section 59A(e).''. \_\_\_\_\_\_ SA 1836. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 480, between lines 11 and 12, insert the following: ``(3) Increased rate for certain banks and securities dealers.-- ``(A) In general.--In the case of an applicable taxpayer described in subparagraph (B) for any taxable year-- ``(i) paragraphs (1)(A) and (2)(A) shall each be applied by substituting `11 percent' for `10 percent', and ``(ii) paragraph (2)(A) shall be applied by substituting `13.5 percent' for `12.5 percent'. ``(B) Taxpayer described.--An applicable taxpayer is described in this subparagraph if such taxpayer is a member of an affiliated group (as defined in section 1504(a)(1)) which includes-- [[Page S7730]] ``(i) a bank (as defined in section 581), or ``(ii) a registered securities dealer under section 15(a) of the Securities Exchange Act of 1934. On page 489, strike lines 3 through 19, and insert: ``(g) Exception for Certain Payments Made in the Ordinary Course of Trade or Business.--For purposes of this section-- ``(1) In general.--Except as provided in paragraph (3), any qualified derivative payment shall not be treated as a base erosion payment. ``(2) Qualified derivative payment.-- ``(A) In general.--The term `qualified derivative payment' means any payment made by a taxpayer pursuant to a derivative with respect to which the taxpayer-- ``(i) recognizes gain or loss as if such derivative were sold for its fair market value on the last business day of the taxable year (and such additional times as required by this title or the taxpayer's method of accounting), ``(ii) treats any gain or loss so recognized as ordinary, and ``(iii) treats the character of all items of income, deduction, gain, or loss with respect to a payment pursuant to the derivative as ordinary. ``(B) Reporting requirement.--No payments shall be treated as qualified derivative payments under subparagraph (A) for any taxable year unless the taxpayer includes in the information required to be reported under section 6038B(b)(2) with respect to such taxable year such information as is necessary to identify the payments to be so treated and such other information as the Secretary determines necessary to carry out the provisions of this subsection. ``(3) Exceptions for payments otherwise treated as base erosion payments.--This subsection shall not apply to any qualified derivative payment if-- ``(A) the payment would be treated as a base erosion payment if it were not made pursuant to a derivative, including any interest, royalty, or service payment, or ``(B) in the case of a contract which has derivative and nonderivative components, the payment is properly allocable to the nonderivative component. ``(4) Derivative defined.--For purposes of this subsection-- ``(A) In general.--The term `derivative' means any contract (including any option, forward contract, futures contract, short position, swap, or similar contract) the value of which, or any payment or other transfer with respect to which, is (directly or indirectly) determined by reference to one or more of the following: ``(i) Any share of stock in a corporation. ``(ii) Any evidence of indebtedness. ``(iii) Any commodity which is actively traded. ``(iv) Any currency. ``(v) Any rate, price, amount, index, formula, or algorithm. ``(B) Treatment of american depository receipts and similar instruments.--Except as otherwise provided by the Secretary, for purposes of this part, American depository receipts (and similar instruments) with respect to shares of stock in foreign corporations shall be treated as shares of stock in such foreign corporations. ``(h) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations-- ``(1) providing for such adjustments to the application of this section as are necessary to prevent the avoidance of the purposes of this section, including through-- ``(A) the use of unrelated persons, conduit transactions, or other intermediaries, or ``(B) transactions or arrangements designed, in whole or in part-- ``(i) to characterize payments otherwise subject to this section as payments not subject to this section, or ``(ii) to substitute payments not subject to this section for payments otherwise subject to this section and ``(2) for the application of subsection (g), including rules to prevent the avoidance of the exceptions under subsection (g)(3). \_\_\_\_\_\_ SA 1837. Mr. INHOFE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place, insert the following: SEC. \_\_. ONE-TIME WITHDRAWAL OF PENSION SAVINGS AT A 10- PERCENT TAX RATE. (a) In General.--Section 72 is amended by redesignating subsection (x) as subsection (y) and by inserting after subsection (w) the following new subsection: ``(x) Special Rate for Distributions From Applicable ***Plans*** During 2018.-- ``(1) In general.--If a taxpayer receives 1 or more qualified distributions from 1 or more applicable retirement ***plans*** during the taxpayer's first taxable year beginning after December 31, 2017, then, notwithstanding any other provision of this title-- ``(A) the tax imposed by this chapter for such taxable year shall, in lieu of the tax otherwise imposed by this chapter, be equal to the sum of-- ``(i) a tax computed at the rates and in the same manner as if this subsection had not been enacted on taxable income reduced by the aggregate qualified distributions of the taxpayer, plus ``(ii) a tax of 10 percent of such qualified distributions (or, if less, taxable income), and ``(B) no penalty or addition to tax shall be imposed with respect to such qualified distributions. ``(2) Qualified distribution.--For purposes of this subsection-- ``(A) In general.--The term `qualified distribution' means, with respect to any applicable retirement ***plan***, any applicable distribution received by a taxpayer from the ***plan*** to the extent that such distribution, when added to all other applicable distributions received by the taxpayer from the ***plan*** during such taxable year, does not exceed 25 percent of the aggregate balance to the credit of the individual (whether as a participant, owner, or beneficiary) in the ***plan*** (determined as of the close of the calendar year preceding the calendar year in which the taxable year begins). ``(B) Applicable distribution.-- ``(i) In general.--The term `applicable distribution' means any distribution received by a taxpayer from an applicable retirement ***plan*** which is includible in gross income of the taxpayer. ``(ii) Exception for required distributions.--Such term shall not include any minimum required distribution (as defined in section 4974(b)) from an applicable retirement ***plan*** for any taxable year and the 25-percent amount under subparagraph (A) shall be reduced by the amount of such distributions. ``(C) Aggregation.--A taxpayer may elect to treat all applicable retirement ***plans*** as 1 ***plan*** for purposes of applying this section and may allocate qualified distributions among such ***plans*** in such manner as specified in the election. ``(3) Applicable retirement ***plan***.--The term `applicable retirement ***plan***' means-- ``(A) a defined contribution ***plan*** to which section 401(a) or 403(a) applies, ``(B) an annuity contract under section 403(b), ``(C) an eligible deferred compensation ***plan*** described in section 457(b) which is maintained by an eligible employer described in section 457(e)(1)(A), or ``(D) an individual retirement ***plan***.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. \_\_\_\_\_\_ SA 1838. Mr. SASSE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place, insert the following: SEC. \_\_\_. MAXIMUM CONTRIBUTION LIMIT TO HEALTH SAVINGS ACCOUNT INCREASED TO 150 PERCENT OF THE AMOUNT OF DEDUCTIBLE AND OUT-OF-POCKET LIMITATION. (a) Self-Only Coverage.--Section 223(b)(2)(A) is amended by striking ``$2,250'' and inserting ``150 percent of the amount in effect under subsection (c)(2)(A)(ii)(I)''. (b) Family Coverage.--Section 223(b)(2)(B) is amended by striking ``$4,500'' and inserting ``150 percent of the amount in effect under subsection (c)(2)(A)(ii)(II)''. (c) Cost-of-living Adjustment.--Section 223(g)(1) is amended-- (1) by striking ``subsections (b)(2) and'' both places it appears and inserting ``subsection'', and (2) in subparagraph (B), by striking ``determined by'' and all that follows through `` `calendar year 2003'.'' and inserting ``determined by substituting `calendar year 2003' for `calendar year 1992' in subparagraph (B) thereof.''. (d) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. \_\_\_\_\_\_ SA 1839. Mr. SASSE submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the end of part III of subtitle A of title I, insert the following: SEC. 11030. EXTENSION OF CARRYOVER PERIOD FOR ADOPTION TAX CREDIT. (a) In General.--Section 23(c)(2) is amended by striking ``fifth'' and inserting ``tenth''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. \_\_\_\_\_\_ SA 1840. Mr. INHOFE (for himself and Mr. Lankford) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. [[Page S7731]] McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 34, line 23, strike ``trust or'' and insert ``trust (except for calendar year 2018) or'' \_\_\_\_\_\_ SA 1841. Mr. GARDNER submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place in title I, insert the following: SEC. \_\_\_\_. BASE EROSION AND ANTI-ABUSE TAX IMPROVEMENTS. (a) In General.--Section 59A(b), as added by section 14401 of this Act, is amended-- (1) in paragraph (1)(B), by striking clause (ii) and inserting the following: ``(ii) the sum of-- ``(I) the credit allowed under section 38 for the taxable year which are properly allocable to the research credit determined under section 41(a); ``(II) the credits determined under section 45 (including the refined coal credit); and ``(III) the energy credit determined under section 48(a) with respect to a facility or property the construction of which begins on or before January 1, 2020.''; and (2) in paragraph (2)(B), by inserting ``(other than a credit described in subclause (II) or (III) of paragraph (1)(B)(ii))'' after ``allowed under this chapter''. (b) Revenue Dependent Proposal.--Section 59A(b), as amended by section 15004, if amended, is further amended by striking paragraph (2)(B) and inserting the following: ``(B) the sum of-- ``(i) the credit allowed under section 38 for the taxable year which are properly allocable to the research credit determined under section 41(a); ``(ii) the credits determined under section 45 (including the refined coal credit); and ``(iii) the energy credit determined under section 48(a) with respect to a facility or property the construction of which begins on or before January 1, 2020.''. \_\_\_\_\_\_ SA 1842. Mr. RUBIO (for himself and Mr. Lee) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 1, strike line 1 and all that follows through page 123, line 22, and insert the following: TITLE I SEC. 11000. SHORT TITLE, ETC. (a) Short Title.--This title may be cited as the ``Tax Cuts and Jobs Act''. (b) Amendment of 1986 Code.--Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986. Subtitle A--Individual Tax Reform PART I--TAX RATE REFORM SEC. 11001. MODIFICATION OF RATES. (a) In General.--Section 1 is amended by adding at the end the following new subsection: ``(j) Modifications for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) subsection (i) shall not apply, and ``(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (7). ``(2) Rate tables.-- ``(A) Married individuals filing joint returns and surviving spouses.--The following table shall be applied in lieu of the table contained in subsection (a): ``If taxable income is: The tax is: 10% of taxable income.................................................. $1,905, plus 12% of the excess over $19,050............................ $8,907, plus 22% of the excess over $77,400............................ $22,679, plus 24% of the excess over $140,000.......................... $65,879, plus 32% of the excess over $320,000.......................... $91,479, plus 35% of the excess over $400,000.......................... $301,479 plus 38.5% of the excess over $1,000,000...................... ``(B) Heads of households.--The following table shall be applied in lieu of the table contained in subsection (b): ``If taxable income is: The tax is: 10% of taxable income.................................................. $1,360, plus 12% of the excess over $13,600............................ $5,944, plus 22% of the excess over $51,800............................ $9,948, plus 24% of the excess over $70,000............................ $31,548, plus 32% of the excess over $160,000.......................... $44,348, plus 35% of the excess over $200,000.......................... $149,348, plus 38.5% of the excess over $500,000....................... ``(C) Unmarried individuals other than surviving spouses and heads of households.--The following table shall be applied in lieu of the table contained in subsection (c): ``If taxable income is: The tax is: 10% of taxable income.................................................. $952.50, plus 12% of the excess over $9,525............................ $4,453.50, plus 22% of the excess over $38,700......................... $11,339.50, plus 24% of the excess over $70,000........................ $32,939.50, plus 32% of the excess over $160,000....................... $45,739.50, plus 35% of the excess over $200,000....................... $150,739.50, plus 38.5% of the excess over $500,000.................... ``(D) Married individuals filing separate returns.--The following table shall be applied in lieu of the table contained in subsection (d): ``If taxable income is: The tax is: 10% of taxable income.................................................. $952.50, plus 12% of the excess over $9,525............................ $4,453.50, plus 22% of the excess over $38,700......................... $11,339.50, plus 24% of the excess over $70,000........................ $32,939.50, plus 32% of the excess over $160,000....................... $45,739.50, plus 35% of the excess over $200,000....................... $150,739.50, plus 38.5% of the excess over $500,000.................... ``(E) Estates and trusts.--The following table shall be applied in lieu of the table contained in subsection (e): ``If taxable income is: The tax is: 10% of taxable income.................................................. $255, plus 24% of the excess over $2,550............................... $1,839, plus 35% of the excess over $9,150............................. $3,011.50, plus 38.5% of the excess over $12,500....................... ``(F) References to rate tables.--Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C). ``(3) Adjustments, elimination of marriage penalty; etc.-- ``(A) No adjustment in 2018.--The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019. ``(B) Subsequent years.--For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f), except that in prescribing such tables-- ``(i) subsection (f)(3) shall be applied by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof, and ``(ii) subsection (f)(7) shall not apply and-- ``(I) the maximum taxable income in each of the rate brackets in the table contained in paragraph (2)(A) (and the minimum taxable income in the next higher taxable income bracket with respect to each such bracket in such table) shall be 200 percent of the maximum taxable income in the corresponding rate bracket in the table contained in paragraph (2)(C) (after any other adjustment under paragraph (3)), and ``(II) the comparable taxable income amounts in the table contained in paragraph (2)(D) shall be \1/2\ of the amounts determined under subparagraph (A). ``(4) Special rules for certain children with unearned income.-- ``(A) In general.--In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1). ``(B) Modifications to applicable rate brackets.--In determining the amount of tax imposed by this section for the taxable year on a child described in subparagraph (A), the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications: ``(i) 24-percent bracket.--The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the earned taxable income of such child. ``(ii) 35-percent bracket.--The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year. ``(iii) 38.5-percent bracket.--The maximum taxable income which is taxed at a rate below 38.5 percent shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the minimum taxable income for the 38.5-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year. [[Page S7732]] ``(C) Coordination with capital gains rates.--For purposes of applying section 1(h) (after the modifications under paragraph (5))-- ``(i) the maximum zero rate amount shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and ``(ii) the maximum 15-percent rate amount shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year. ``(D) Earned taxable income.--For purposes of this paragraph, the term `earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4)) of such child. ``(5) Application of current income tax brackets to capital gains brackets.-- ``(A) In general.--Section 1(h)(1) shall be applied-- ``(i) by substituting `below the maximum zero rate amount' for `which would (without regard to this paragraph) be taxed at a rate below 25 percent' in subparagraph (B)(i), and ``(ii) by substituting `below the maximum 15-percent rate amount' for `which would (without regard to this paragraph) be taxed at a rate below 39.6 percent' in subparagraph (C)(ii)(I). ``(B) Maximum amounts defined.--For purposes of applying section 1(h) with the modifications described in subparagraph (A)-- ``(i) Maximum zero rate amount.--The maximum zero rate amount shall be-- ``(I) in the case of a joint return or surviving spouse, $77,200 (\1/2\ such amount in the case of a married individual filing a separate return), ``(II) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700, ``(III) in the case of any other individual (other than an estate or trust), an amount equal to \1/2\ of the amount in effect for the taxable year under clause (i), and ``(IV) in the case of an estate or trust, $2,600. ``(ii) Maximum 15-percent rate amount.--The maximum 15- percent rate amount shall be-- ``(I) in the case of a joint return or surviving spouse, $479,000 (\1/2\ such amount in the case of a married individual filing a separate return), ``(II) in the case of an individual who is the head of a household (as defined in section 2(b)), $452,400, ``(III) in the case of any other individual (other than an estate or trust), $425,800, and ``(IV) in the case of an estate or trust, $12,700. ``(C) Inflation adjustment.--In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. ``(6) Section 15 not to apply.--Section 15 shall not apply to any change in a rate of tax by reason of this subsection.''. (b) Due Diligence Tax Preparer Requirement With Respect to Head of Household Filing Status.--Subsection (g) of section 6695 is amended to read as follows: ``(g) Failure to Be Diligent in Determining Eligibility for Certain Tax Benefits.--Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining-- ``(1) eligibility to file as a head of household (as defined in section 2(b)) on the return, or ``(2) eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32, shall pay a penalty of $500 for each such failure.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI. (a) In General.--Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph: ``(3) Cost-of-living adjustment.--For purposes of this subsection-- ``(A) In general.--The cost-of-living adjustment for any calendar year is the percentage (if any) by which-- ``(i) the C-CPI-U for the preceding calendar year, exceeds ``(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B). ``(B) Amount determined.--The amount determined under this clause is the amount obtained by dividing-- ``(i) the C-CPI-U for calendar year 2016, by ``(ii) the CPI for calendar year 2016. ``(C) Special rule for adjustments with a base year after 2016.--For purposes of any provision of this title which provides for the substitution of a year after 2016 for `2016' in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting `the C-CPI-U for calendar year 2016' for `the CPI for calendar year 2016' and all that follows in clause (ii) thereof.''. (b) C-CPI-U.--Subsection (f) of section 1 is amended by striking paragraph (7), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph: ``(6) C-CPI-U.--For purposes of this subsection-- ``(A) In general.--The term `C-CPI-U' means the Chained Consumer Price Index for All Urban Consumers (as published by the Bureau of Labor Statistics of the Department of Labor). The values of the Chained Consumer Price Index for All Urban Consumers taken into account for purposes of determining the cost-of-living adjustment for any calendar year under this subsection shall be the latest values so published as of the date on which such Bureau publishes the initial value of the Chained Consumer Price Index for All Urban Consumers for the month of August for the preceding calendar year. ``(B) Determination for calendar year.--The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on August 31 of such calendar year.''. (c) Application to Permanent Tax Tables.--Section 1(f)(2)(A) is amended by inserting ``, determined by substituting `1992' for `2016' in paragraph (3)(A)(ii)''. (d) Application to Other Internal Revenue Code of 1986 Provisions.-- (1) The following sections are each amended by striking ``for `calendar year 1992' in subparagraph (B)'' and inserting ``for `calendar year 2016' in subparagraph (A)(ii)'': (A) Section 23(h)(2). (B) Paragraphs (1)(A)(ii) and (2)(A)(ii) of section 25A(h). (C) Section 25B(b)(3)(B). (D) Subsection (b)(2)(B)(ii)(II), and clauses (i) and (ii) of subsection (j)(1)(B), of section 32. (E) Section 36B(f)(2)(B)(ii)(II). (F) Section 41(e)(5)(C)(i). (G) Subsections (e)(3)(D)(ii) and (h)(3)(H)(i)(II) of section 42. (H) Section 45R(d)(3)(B)(ii). (I) Section 62(d)(3)(B). (J) Section 125(i)(2)(B). (K) Section 135(b)(2)(B)(ii). (L) Section 137(f)(2). (M) Section 146(d)(2)(B). (N) Section 147(c)(2)(H)(ii). (O) Section 179(b)(6)(A)(ii). (P) Subsections (b)(5)(C)(i)(II) and (g)(8)(B) of section 219. (Q) Section 220(g)(2). (R) Section 221(f)(1)(B). (S) Section 223(g)(1)(B). (T) Section 408A(c)(3)(D)(ii). (U) Section 430(c)(7)(D)(vii)(II). (V) Section 512(d)(2)(B). (W) Section 513(h)(2)(C)(ii). (X) Section 831(b)(2)(D)(ii). (Y) Section 877A(a)(3)(B)(i)(II). (Z) Section 2010(c)(3)(B)(ii). (AA) Section 2032A(a)(3)(B). (BB) Section 2503(b)(2)(B). (CC) Section 4261(e)(4)(A)(ii). (DD) Section 5000A(c)(3)(D)(ii). (EE) Section 6323(i)(4)(B). (FF) Section 6334(g)(1)(B). (GG) Section 6601(j)(3)(B). (HH) Section 6651(i)(1). (II) Section 6652(c)(7)(A). (JJ) Section 6695(h)(1). (KK) Section 6698(e)(1). (LL) Section 6699(e)(1). (MM) Section 6721(f)(1). (NN) Section 6722(f)(1). (OO) Section 7345(f)(2). (PP) Section 7430(c)(1). (QQ) Section 9831(d)(2)(D)(ii)(II). (2) Section 41(e)(5)(C)(ii) is amended-- (A) by striking ``1(f)(3)(B)'' and inserting ``1(f)(3)(A)(ii)'', and (B) by striking ``1992'' and inserting ``2016''. (3) Section 42(h)(6)(G) is amended-- (A) by striking ``for `calendar year 1987' '' in clause (i)(II) and inserting ``for `calendar year 2016' in subparagraph (A)(ii) thereof'', and (B) by striking ``if the CPI for any calendar year'' and all that follows in clause (ii) and inserting ``if the C-CPI- U for any calendar year (as defined in section 1(f)(6)) exceeds the C-CPI-U for the preceding calendar year by more than 5 percent, the C-CPI-U for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i). In the case of a base calendar year before 2017, the C-CPI-U for such year shall be determined by multiplying the CPI for such year by the amount determined under section 1(f)(3)(B).''. (4) Section 132(f)(6)(A)(ii) is amended by striking ``for `calendar year 1992' '' and inserting ``for `calendar year 2016' in subparagraph (A)(ii) thereof''. (5) Section 162(o)(3) is amended by striking ``adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991'' and inserting ``adjusted by increasing any such amount under the 1991 agreement by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1990' for `calendar year 2016' in subparagraph (A)(ii) thereof''. (6) So much of clause (ii) of section 213(d)(10)(B) as precedes the last sentence is amended to read as follows: [[Page S7733]] ``(ii) Medical care cost adjustment.--For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which-- ``(I) the medical care component of the C-CPI-U (as defined in section 1(f)(6)) for August of the preceding calendar year, exceeds ``(II) such component of the CPI (as defined in section 1(f)(4)) for August of 1996, multiplied by the amount determined under section 1(f)(3)(B).''. (7) Section 877(a)(2) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (8) Section 911(b)(2)(D)(ii)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (9) Paragraph (2) of section 1274A(d) is amended to read as follows: ``(2) Adjustment for inflation.--In the case of any debt instrument arising out of a sale or exchange during any calendar year after 1989, each dollar amount contained in the preceding provisions of this section shall be increased by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1988' for `calendar year 2016' in subparagraph (A)(ii) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''. (10) Section 4161(b)(2)(C)(i)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (11) Section 4980I(b)(3)(C)(v)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (12) Section 6039F(d) is amended by striking ``subparagraph (B) thereof shall be applied by substituting `1995' for `1992' '' and inserting ``subparagraph (A)(ii) thereof shall be applied by substituting `1995' for `2016' ''. (13) Section 7872(g)(5) is amended to read as follows: ``(5) Adjustment of limit for inflation.--In the case of any loan made during any calendar year after 1986, the dollar amount in paragraph (2) shall be increased by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1985' for `calendar year 2016' in subparagraph (A)(ii) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''. (e) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. PART II--DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME. (a) In General.--Part VI of subchapter B of chapter 1 is amended by adding at the end the following new section: ``SEC. 199A. QUALIFIED BUSINESS INCOME. ``(a) In General.--In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the lesser of-- ``(1) the combined qualified business income amount of the taxpayer, or ``(2) an amount equal to 17.4 percent of the excess (if any) of-- ``(A) the taxable income of the taxpayer for the taxable year, over ``(B) any net capital gain (as defined in section 1(h)) of the taxpayer for the taxable year. ``(b) Combined Qualified Business Income Amount.--For purposes of this section-- ``(1) In general.--The term `combined qualified business income amount' means, with respect to any taxable year, an amount equal to-- ``(A) the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer, plus ``(B) 17.4 percent of the aggregate amount of the qualified REIT dividends and qualified cooperative dividends of the taxpayer for the taxable year. ``(2) Determination of deductible amount for each trade or business.--The amount determined under this paragraph with respect to any qualified trade or business is the lesser of-- ``(A) 17.4 percent of the taxpayer's qualified business income with respect to the qualified trade or business, or ``(B) 50 percent of the W-2 wages with respect to the qualified trade or business. ``(3) Modifications to the wage limit based on taxable income.-- ``(A) Exception from wage limit.--In the case of any taxpayer whose taxable income for the taxable year does not exceed the threshold amount, paragraph (2) shall be applied without regard to subparagraph (B). ``(B) Phase-in of limit for certain taxpayers.-- ``(i) In general.--If-- ``(I) the taxable income of a taxpayer for any taxable year exceeds the threshold amount, but does not exceed the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), and ``(II) the amount determined under paragraph (2)(B) (determined without regard to this subparagraph) with respect to any qualified trade or business carried on by the taxpayer is less than the amount determined under paragraph (2)(A) with respect such trade or business, then paragraph (2) shall be applied with respect to such trade or business without regard to subparagraph (B) thereof and by reducing the amount determined under subparagraph (A) thereof by the amount determined under clause (ii). ``(ii) Amount of reduction.--The amount determined under this subparagraph is the amount which bears the same ratio to the excess amount as-- ``(I) the amount by which the taxpayer's taxable income for the taxable year exceeds the threshold amount, bears to ``(II) $50,000 ($100,000 in the case of a joint return). ``(iii) Excess amount.--For purposes of clause (ii), the excess amount is the excess of-- ``(I) the amount determined under paragraph (2)(A) (determined without regard to this paragraph), over ``(II) the amount determined under paragraph (2)(B) (determined without regard to this paragraph). ``(4) Wages, etc.-- ``(A) In general.--The term `W-2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year. ``(B) Limitation to wages attributable to qualified business income.--Such term shall not include any amount which is not properly allocable to qualified business income for purposes of subsection (c)(1). ``(C) Return requirement.--Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return. ``(5) Acquisitions, dispositions, and short taxable years.--The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year. ``(c) Qualified Business Income.--For purposes of this section-- ``(1) In general.--The term `qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. ``(2) Carryover of losses.--If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year. ``(3) Qualified items of income, gain, deduction, and loss.--For purposes of this subsection-- ``(A) In general.--The term `qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are-- ``(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting `qualified trade or business (within the meaning of section 199A)' for `nonresident alien individual or a foreign corporation' or for `a foreign corporation' each place it appears), and ``(ii) included or allowed in determining taxable income for the taxable year. ``(B) Exceptions.--The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss: ``(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss. ``(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G). ``(iii) Any interest income other than interest income which is properly allocable to a trade or business. ``(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting `qualified trade or business' for `controlled foreign corporation'). ``(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)). ``(vi) Any amount received from an annuity which is not received in connection with the trade or business. ``(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses. ``(4) Treatment of reasonable compensation and guaranteed payments.--Qualified business income shall not include-- ``(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business, ``(B) any guaranteed payment described in section 707(c) paid to a partner for services [[Page S7734]] rendered with respect to the trade or business, and ``(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business. ``(d) Qualified Trade or Business.--For purposes of this section-- ``(1) In general.--The term `qualified trade or business' means any trade or business other than a specified service trade or business. ``(2) Specified service trade or business.-- ``(A) In general.--The term `specified service trade or business' means-- ``(i) any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)). ``(3) Exception for specified service businesses based on taxpayer's income.-- ``(A) In general.--If, for any taxable year, the taxable income of any taxpayer is less than the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), then-- ``(i) the exception under paragraph (1) shall not apply to specified service trades or businesses of the taxpayer for the taxable year, but ``(ii) only the applicable percentage of qualified items of income, gain, deduction, or loss, and the W-2 wages, of the taxpayer allocable to such specified service trades or businesses shall be taken into account in computing the qualified business income and W-2 wages of the taxpayer for the taxable year for purposes of applying this section. ``(B) Applicable percentage.--For purposes of subparagraph (A), the term `applicable percentage' means, with respect to any taxable year, 100 percent reduced (not below zero) by the percentage equal to the ratio of-- ``(i) the taxable income of the taxpayer for the taxable year in excess of the threshold amount, bears to ``(ii) $50,000 ($100,000 in the case of a joint return). ``(e) Other Definitions.--For purposes of this section-- ``(1) Taxable income.--Taxable income shall be computed without regard to the deduction allowable under this section. ``(2) Threshold amount.-- ``(A) In general.--The term `threshold amount' means $250,000 (200 percent of such amount in the case of a joint return). ``(B) Inflation adjustment.--In the case of any taxable year beginning after 2018, the dollar amount in paragraph (1) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000. ``(3) Qualified reit dividend.--The term `qualified REIT dividend' means any dividend from a real estate investment trust received during the taxable year which-- ``(A) is not a capital gain dividend, as defined in section 857(b)(3), and ``(B) is not qualified dividend income, as defined in section 1(h)(11). ``(4) Qualified cooperative dividend.--The term `qualified cooperative dividend' means any patronage dividend (as defined in section 1388(a)), any per-unit retain allocation (as defined in section 1388(f)), and any qualified written notice of allocation (as defined in section 1388(c)), or any similar amount received from an organization described in subparagraph (B)(ii), which-- ``(A) is includible in gross income, and ``(B) is received from-- ``(i) an organization or corporation described in section 501(c)(12) or 1381(a), or ``(ii) an organization which is governed under this title by the rules applicable to cooperatives under this title before the enactment of subchapter T. ``(f) Special Rules.-- ``(1) Application to partnerships and s corporations.-- ``(A) In general.--In the case of a partnership or S corporation-- ``(i) this section shall be applied at the partner or shareholder level, ``(ii) each partner or shareholder shall take into account such person's allocable share of each qualified item of income, gain, deduction, and loss, and ``(iii) each partner or shareholder shall be treated for purposes of subsection (b) as having W-2 wages for the taxable year in an amount equal to such person's allocable share of the W-2 wages of the partnership or S corporation for the taxable year (as determined under regulations prescribed by the Secretary). For purposes of clause (iii), a partner's or shareholder's allocable share of W-2 wages shall be determined in the same manner as the partner's or shareholder's allocable share of wage expenses. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item. ``(B) Application to trusts and estates.--This section shall not apply to any trust or estate. ``(C) Treatment of trades or business in puerto rico.-- ``(i) In general.--In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term `United States' shall include the Commonwealth of Puerto Rico. ``(ii) Special rule for applying wage limitation.--In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico. ``(2) Coordination with minimum tax.--For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59. ``(3) Deduction limited to income taxes.--The deduction under subsection (a) shall only be allowed for purposes of this chapter. ``(4) Regulations.--The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations-- ``(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and ``(B) for the application of this section in the case of tiered entities. ``(g) Termination.--This section shall not apply to taxable years beginning after December 31, 2025.''. (b) Accuracy-related Penalty on Determination of Applicable Percentage.--Section 6662(d)(1) is amended by inserting at the end the following new subparagraph: ``(C) Special rule for taxpayers claiming section 199a deduction.--In the case of any taxpayer who claims the deduction allowed under section 199A for the taxable year, subparagraph (A) shall be applied by substituting `5 percent' for `10 percent'.''. (c) Conforming Amendments.-- (1) Section 170(b)(2)(D) is amended by striking ``, and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause: ``(v) section 199A, and''. (2) Section 172(d) is amended by adding at the end the following new paragraph: ``(8) Qualified business income deduction.--The deduction under section 199A shall not be allowed.''. (3) Section 246(b)(1) is amended by inserting ``199A,'' before ``243(a)(1)''. (4) Section 613(a) is amended by inserting ``and without the deduction under section 199A'' after ``and without the deduction under section 199''. (5) Section 613A(d)(1) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B), the following new subparagraph: ``(C) any deduction allowable under section 199A,''. (6) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end the following new item: ``Sec. 199A. Qualified business income.''. (d) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11012. LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS. (a) In General.--Section 461 is amended by adding at the end the following new subsection: ``(l) Limitation on Excess Business Losses of Noncorporate Taxpayers.-- ``(1) Limitation.--In the case of taxable year of a taxpayer other than a corporation beginning after December 31, 2017, and before January 1, 2026-- ``(A) subsection (j) (relating to limitation on excess farm losses of certain taxpayers) shall not apply, and ``(B) any excess business loss of the taxpayer for the taxable year shall not be allowed. ``(2) Disallowed loss carryover.--Any loss which is disallowed under paragraph (1) shall be treated as a net operating loss carryover to the following taxable year under section 172. ``(3) Excess business loss.--For purposes of this subsection-- ``(A) In general.--The term `excess business loss' means the excess (if any) of-- ``(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to trades or businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over ``(ii) the sum of-- ``(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such trades or businesses, plus ``(II) $250,000 (200 percent of such amount in the case of a joint return). ``(B) Adjustment for inflation.--In the case of any taxable year beginning after December 31, 2018, the $250,000 amount in subparagraph (A)(ii)(II) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. If any amount as increased under the preceding sentence is not a multiple of $1,000, [[Page S7735]] such amount shall be rounded to the nearest multiple of $1,000. ``(4) Application of subsection in case of partnerships and s corporations.--In the case of a partnership or S corporation-- ``(A) this subsection shall be applied at the partner or shareholder level, and ``(B) each partner's or shareholder's allocable share of the items of income, gain, deduction, or loss of the partnership or S corporation for any taxable year from trades or businesses attributable to the partnership or S corporation shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends. For purposes of this paragraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item. ``(5) Additional reporting.--The Secretary shall prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection. ``(6) Coordination with section 469.--This subsection shall be applied after the application of section 469.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. PART III--TAX BENEFITS FOR FAMILIES AND INDIVIDUALS SEC. 11021. INCREASE IN STANDARD DEDUCTION. (a) In General.--Subsection (c) of section 63 is amended by adding at the end the following new paragraph: ``(7) Special rules for taxable years 2018 through 2025.-- In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) Increase in standard deduction.--Paragraph (2) shall be applied-- ``(i) by substituting `$18,000' for `$4,400' in subparagraph (B), and ``(ii) by substituting `$12,000' for `$3,000' in subparagraph (C). ``(B) Adjustment for inflation.-- ``(i) In general.--Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C). ``(ii) Adjustment of increased amounts.--In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each be increased by an amount equal to-- ``(I) such dollar amount, multiplied by ``(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT. (a) In General.--Section 24 is amended by adding at the end the following new subsection: ``(h) Special Rules for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7). ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be-- ``(A) in the case of a joint return, $500,000, and ``(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000. ``(4) Definition of qualifying child.--Paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(5) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(6) Portion of credit refundable.--In lieu of subsection (d), the following provisions shall apply for purposes of the credit allowable under this section: ``(A) In general.--The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of-- ``(i) the credit which would be allowed under this section without regard to this paragraph and the limitation under section 26(a), or ``(ii) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this paragraph) would increase if the limitation imposed by section 26(a) were increased by an amount equal to the sum of the taxpayer's payroll taxes for the taxable year. ``(B) Payroll taxes.-- ``(i) In general.--For purposes of subparagraph (A), the term `payroll taxes' means, with respect to any taxpayer for any taxable year, the amount of the taxes imposed by-- ``(I) section 1401 on the self-employment income of the taxpayer for the taxable year, ``(II) section 3101 on wages received by the taxpayer during the calendar year in which the taxable year begins, ``(III) section 3111 on wages paid by an employer with respect to employment of the taxpayer during the calendar year in which the taxable year begins, ``(IV) sections 3201(a) and 3211(a) on compensation received by the taxpayer during the calendar year in which the taxable year begins, and ``(V) section 3221(a) on compensation paid by an employer with respect to services rendered by the taxpayer during the calendar year in which the taxable year begins. ``(ii) Coordination with special refund of payroll taxes.-- The term `payroll taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c). ``(iii) Special rule.--Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subclause (II) or (III) of clause (i) shall be treated as taxes referred to in such clause. ``(C) Exception for taxpayers excluding foreign earned income.--Subparagraph (A) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year. ``(7) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11023. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS. (a) In General.--Section 170(b)(1) is amended by redesignating subparagraph (G) as subparagraph (H) and by inserting after subparagraph (F) the following new subparagraph: ``(G) Increased limitation for cash contributions.-- ``(i) In general.--In the case of any contribution of cash to an organization described in subparagraph (A), the total amount of such contributions which may be taken into account under subsection (a) for any taxable year beginning after December 31, 2017, and before January 1, 2026, shall not exceed 60 percent of the taxpayer's contribution base for such year. ``(ii) Carryover.--If the aggregate amount of contributions described in clause (i) exceeds the applicable limitation under clause (i) for any taxable year described in such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time. ``(iii) Coordination with subparagraphs (a) and (b).-- ``(I) In general.--Contributions taken into account under this subparagraph shall not be taken into account under subparagraph (A). ``(II) Limitation reduction.--Subparagraphs (A) and (B) shall be applied for each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), by reducing (but not below zero) the aggregate contribution limitation allowed for the taxable year under each such subparagraph by the aggregate contributions allowed under this subparagraph for such taxable year.''. (b) Effective Date.--The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2017. SEC. 11024. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS. (a) Increase in Limitation for Contributions From Compensation of Individuals With Disabilities.-- (1) In general.--Section 529A(b)(2)(B) is amended to read as follows: ``(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of-- ``(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus ``(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) before January 1, 2026, the lesser of-- ``(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the preceding taxable year, or ``(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.''. (2) Eligible designated beneficiary.--Section 529A(b) is amended by adding at the end the following: [[Page S7736]] ``(7) Special rules related to contribution limit.--For purposes of paragraph (2)(B)(ii)-- ``(A) Designated beneficiary.--A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom-- ``(i) no contribution is made for the taxable year to a defined contribution ***plan*** (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met, ``(ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and ``(iii) no contribution is made for the taxable year to an eligible deferred compensation ***plan*** described in section 457(b). ``(B) Poverty line.--The term `poverty line' has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C 9902).''. (b) Allowance of Saver's Credit for ABLE Contributions by Account Holder.--Section 25B(d)(1) is amended by striking ``and'' at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting ``, and'', and by inserting at the end the following: ``(D) the amount of contributions made before January 1, 2026, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. SEC. 11025. ROLLOVERS TO ABLE ***PROGRAMS*** FROM 529 ***PROGRAMS***. (a) In General.--Clause (i) of section 529(c)(3)(C) is amended by striking ``or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ``, or'', and by adding at the end the following: ``(III) before January 1, 2026, to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary. Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B).''. (b) Effective Date.--The amendments made by this section shall apply to distributions after the date of the enactment of this Act. SEC. 11026. TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT. (a) In General.--For purposes of the following provisions of the Internal Revenue Code of 1986, with respect to the applicable period, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under section 112 of such Code): (1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status). (2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces). (3) Section 692 (relating to income taxes of members of Armed Forces on death). (4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.). (5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces). (6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces). (7) Section 6013(f)(1) (relating to joint return where individual is in missing status). (8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone). (b) Qualified Hazardous Duty Area.--For purposes of this section, the term ``qualified hazardous duty area'' means the Sinai Peninsula of Egypt, if as of the date of the enactment of this section any member of the Armed Forces of the United States is entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for services performed in such location. Such term includes such location only during the period such entitlement is in effect. (c) Applicable Period.-- (1) In general.--Except as provided in paragraph (2), the applicable period is-- (A) the portion of the first taxable year ending after June 9, 2015, which begins on such date, and (B) any subsequent taxable year beginning before January 1, 2026. (2) Withholding.--In the case of subsection (a)(5), the applicable period is-- (A) the portion of the first taxable year ending after the date of the enactment of this Act which begins on such date, and (B) any subsequent taxable year beginning before January 1, 2026. (d) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the provisions of this section shall take effect on June 9, 2015. (2) Withholding.--Subsection (a)(5) shall apply to remuneration paid after the date of the enactment of this Act. SEC. 11027. EXTENSION OF WAIVER OF LIMITATIONS WITH RESPECT TO EXCLUDING FROM GROSS INCOME AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS. (a) In General.--Section 304(d) of the Protecting Americans from Tax Hikes Act of 2015 (26 U.S.C 139F note) is amended by striking ``1-year'' and inserting ``2-year''. (b) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act. SEC. 11028. UNBORN CHILDREN ALLOWED AS 529 ACCOUNT BENEFICIARIES. (a) In General.--Section 529(e) is amended by adding at the end the following new paragraph: ``(6) Treatment of unborn children.-- ``(A) In general.--Nothing shall prevent an unborn child from being treated as a designated beneficiary or an individual under this section. ``(B) Unborn child.--For purposes of this paragraph-- ``(i) In general.--The term `unborn child' means a child in utero. ``(ii) Child in utero.--The term `child in utero' means a member of the species homo sapiens, at any stage of development, who is carried in the womb.''. (b) Effective Date.--The amendment made by this section shall apply to contributions made after December 31, 2017. SEC. 11029. RELIEF FOR MISSISSIPPI RIVER DELTA FLOOD DISASTER AREA. (a) In General.--For purposes of this section, the term ``Mississippi River Delta flood disaster area'' means any area-- (1) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before September 3, 2016, by reason of severe storms and flooding occurring in Louisiana during August of 2016, or (2) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before March 31, 2016, by reason of severe storms and flooding occurring in Louisiana, Texas, and Mississippi during March of 2016. (b) Special Rules for Use of Retirement Funds With Respect to Mississippi Delta Areas Damaged by 2016 Flooding.-- (1) Tax-favored withdrawals from retirement ***plans***.-- (A) In general.--Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified Mississippi River Delta flooding distribution. (B) Aggregate dollar limitation.-- (i) In general.--For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified Mississippi River Delta flooding distributions for any taxable year shall not exceed the excess (if any) of-- (I) $100,000, over (II) the aggregate amounts treated as qualified Mississippi River Delta flooding distributions received by such individual for all prior taxable years. (ii) Treatment of ***plan*** distributions.--If a distribution to an individual would (without regard to clause (i)) be a qualified Mississippi River Delta flooding distribution, a ***plan*** shall not be treated as violating any requirement of this title merely because the ***plan*** treats such distribution as a qualified Mississippi River Delta flooding distribution, unless the aggregate amount of such distributions from all ***plans*** maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $100,000. (iii) Controlled group.--For purposes of clause (ii), the term ``controlled group'' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986. (C) Amount distributed may be repaid.-- (i) In general.--Any individual who receives a qualified Mississippi River Delta flooding distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement ***plan*** of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be. (ii) Treatment of repayments of distributions from eligible retirement ***plans*** other than iras.--For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an eligible retirement ***plan*** other than an individual retirement ***plan***, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified Mississippi River Delta flooding distribution in an eligible rollover distribution (as defined in section 402(c)(4) of the Internal Revenue Code of 1986) and as having transferred the amount to the eligible retirement ***plan*** in a direct trustee to trustee transfer within 60 days of the distribution. (iii) Treatment of repayments for distributions from iras.--For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an individual retirement ***plan*** (as defined by section 7701(a)(37) of the Internal Revenue Code of 1986), then, to the extent of the amount of the contribution, the qualified Mississippi River Delta flooding distribution shall be treated as a distribution described in section [[Page S7737]] 408(d)(3) of such Code and as having been transferred to the eligible retirement ***plan*** in a direct trustee to trustee transfer within 60 days of the distribution. (D) Definitions.--For purposes of this paragraph-- (i) Qualified mississippi river delta flooding distribution.--Except as provided in subparagraph (B), the term ``qualified Mississippi River Delta flooding distribution'' means-- (I) any distribution from an eligible retirement ***plan*** made on or after August 11, 2016, and before January 1, 2018, to an individual whose principal place of abode on August 11, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(1) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or (II) any distribution from an eligible retirement ***plan*** made on or after March 1, 2016, and before January 1, 2018, to an individual whose principal place of abode on March 1, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(2) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2). (ii) Eligible retirement ***plan***.--The term ``eligible retirement ***plan***'' shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986. (E) Income inclusion spread over 3-year period.-- (i) In general.--In the case of any qualified Mississippi River Delta flooding distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable- year period beginning with such taxable year. (ii) Special rule.--For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply. (F) Special rules.-- (i) Exemption of distributions from trustee to trustee transfer and withholding rules.--For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified Mississippi River Delta flooding distributions shall not be treated as eligible rollover distributions. (ii) Qualified mississippi river delta flooding distributions treated as meeting ***plan*** distribution requirements.--For purposes of the Internal Revenue Code of 1986, a qualified Mississippi River Delta flooding distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of the Internal Revenue Code of 1986. (2) Provisions relating to ***plan*** amendments.-- (A) In general.--If this paragraph applies to any amendment to any ***plan*** or annuity contract, such ***plan*** or contract shall be treated as being operated in accordance with the terms of the ***plan*** during the period described in subparagraph (B)(ii)(I). (B) Amendments to which subsection applies.-- (i) In general.--This paragraph shall apply to any amendment to any ***plan*** or annuity contract which is made-- (I) pursuant to any provision of this section, or pursuant to any regulation under any provision of this section; and (II) on or before the last day of the first ***plan*** year beginning on or after January 1, 2018, or such later date as the Secretary prescribes. In the case of a governmental ***plan*** (as defined in section 414(d) of the Internal Revenue Code of 1986), subclause (II) shall be applied by substituting the date which is 2 years after the date otherwise applied under subclause (II). (ii) Conditions.--This paragraph shall not apply to any amendment unless-- (I) during the period-- (aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a ***plan*** or contract amendment not required by this section or such regulation, the effective date specified by the ***plan***); and (bb) ending on the date described in clause (i)(II) (or, if earlier, the date the ***plan*** or contract amendment is adopted), the ***plan*** or contract is operated as if such ***plan*** or contract amendment were in effect; and (II) such ***plan*** or contract amendment applies retroactively for such period. (c) Special Rules for Personal Casualty Losses Related to Louisiana Severe Storms and Flooding.-- (1) In general.--If an individual has a net disaster loss for any taxable year beginning after December 31, 2017, and before January 1, 2026-- (A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of-- (i) such net disaster loss, and (ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual, (B) section 165(h)(1) of such Code shall be applied by substituting ``$500'' for ``$500 ($100 for taxable years beginning after December 31, 2009)'', (C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and (D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph. (2) Net disaster loss.--For purposes of this subsection, the term ``net disaster loss'' means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986). (3) Qualified disaster-related personal casualty losses.-- For purposes of this paragraph, the term ``qualified disaster-related personal casualty losses'' means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise-- (A) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(1) on or after August 11, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or (B) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(2) on or after March 1, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2). PART IV--EDUCATION SEC. 11031. TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY. (a) In General.--Section 108(f) is amended by adding at the end the following new paragraph: ``(5) Discharges on account of death or disability.-- ``(A) In general.--In the case of an individual, gross income for any taxable year beginning after December 31, 2017, and before January 1, 2026, does not include any amount which (but for this subsection) would be includible in gross income for such taxable year by reasons of the discharge (in whole or in part) of any loan described in subparagraph (B) if such discharge was-- ``(i) pursuant to subsection (a) or (d) of section 437 of the Higher Education Act of 1965 or the parallel benefit under part D of title IV of such Act (relating to the repayment of loan liability), ``(ii) pursuant to section 464(c)(1)(F) of such Act, or ``(iii) otherwise discharged on account of the death or total and permanent disability of the student. ``(B) Loans described.--A loan is described in this subparagraph if such loan is-- ``(i) a student loan (as defined in paragraph (2)), or ``(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C 1650(7))).''. (b) Effective Date.--The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017. SEC. 11032. INCREASE IN DEDUCTION FOR TEACHER EXPENSES. (a) In General.--Subparagraph (D) of section 62(a)(2) is amended by striking ``$250'' and inserting ``$250 ($500 in the case of taxable years beginning after December 31, 2017, and before January 1, 2026)''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART V--DEDUCTIONS AND EXCLUSIONS SEC. 11041. SUSPENSION OF DEDUCTION FOR PERSONAL EXEMPTIONS. (a) In General.--Subsection (d) of section 151 is amended-- (1) by striking ``In the case of'' in paragraph (4) and inserting ``Except as provided in paragraph (5), in the case of'', and (2) by adding at the end the following new paragraph: ``(5) Special rules for taxable years 2018 through 2025.-- In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) Exemption amount.--The term `exemption amount' means zero. ``(B) References.--For purposes of any other provision of this title, the reduction of the exemption amount to zero under subparagraph (A) shall not be taken into account in determining whether a deduction is allowed or allowable, or whether a taxpayer is entitled to a deduction, under this section.''. (b) Application to Estates and Trusts.--Section 642(b)(2)(C) is amended by adding at the end the following new clause: ``(iii) Years when personal exemption amount is zero.-- ``(I) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, clause (i) shall be applied by substituting `$4,150' for `the exemption amount under section 151(d)'. ``(II) Inflation adjustment.--In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to-- ``(aa) such dollar amount, multiplied by ``(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. [[Page S7738]] (c) Exception for Wage Withholding Rules.--Section 3402(a) is amended by adding at the end the following new paragraph: ``(3) Years when personal exemption amount is zero.-- ``(A) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall be applied by substituting `$4,150' for `the amount of one personal exemption provided in section 151(b)'. ``(B) Inflation adjustment.--In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (d) Exception for Determining Property Exempt From Levy.-- Section 6334(d) is amended by adding at the end the following new paragraph: ``(4) Years when personal exemption amount is zero.-- ``(A) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall not apply and for purposes of paragraph (1) the term `exempt amount' means an amount equal to-- ``(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by ``(ii) 52. ``(B) Amount determined.--For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs. ``(C) Inflation adjustment.--In the case of any taxable year beginning after 2018, the $4,150 amount in subparagraph (B) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100. ``(D) Verified statement.--Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''. (e) Persons Required to Make Returns of Income.--Section 6012 is amended by adding at the end the following new subsection: ``(f) Special Rule for Taxable Years 2018 Through 2025.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, subsection (a)(1) shall not apply, and every individual who has gross income for the taxable year shall be required to make returns with respect to income taxes under subtitle A, except that a return shall not be required of-- ``(1) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or ``(2) an individual entitled to make a joint return if-- ``(A) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return, ``(B) such individual and such individual's spouse have the same household as their home at the close of the taxable year, ``(C) such individual's spouse does not make a separate return, and ``(D) neither such individual nor such individual's spouse is an individual described in section 63(c)(5) who has income (other than earned income) in excess of the amount in effect under section 63(c)(5)(A). The amount specified in paragraph (1) or (2)(A) shall be increased by the amount of 1 additional standard deduction (within the meaning of section 63(c)(3)) in the case of an individual entitled to such deduction by reason of section 63(f)(1)(A) (relating to individuals age 65 or more), and by the amount of each additional standard deduction to which the individual or the individual's spouse is entitled by reason of section 63(f)(1).''. (f) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11042. SUSPENSION OF DEDUCTION FOR STATE AND LOCAL, ETC. TAXES. (a) In General.--Subsection (b) of section 164 is amended by adding at the end the following new paragraph: ``(6) Suspension of individual deductions for taxable years 2018 through 2025.--In the case of an individual and a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) paragraphs (1) and (2) of subsection (a) shall not apply to any real property or personal property taxes, other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212, and ``(B) subsection (a)(3) shall not apply to any State or local taxes.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11043. SUSPENSION OF DEDUCTION FOR HOME EQUITY INTEREST. (a) In General.--Section 163(h)(3)(A)(ii) is amended by inserting ``in the case of taxable years beginning before January 1, 2018, or after December 31, 2025,'' before ``home equity indebtedness''. (b) Effective Date.--The amendments made by this section shall apply to taxable years ending after December 31, 2017. SEC. 11044. MODIFICATION OF DEDUCTION FOR PERSONAL CASUALTY LOSSES. (a) In General.--Subsection (h) of section 165 is amended by adding at the end the following new paragraph: ``(5) Limitation for taxable years 2018 through 2025.--In the case of any loss of an individual described in subsection (c)(3) which (but for this paragraph) would be deductible in a taxable year beginning after December 31, 2017, and before January 1, 2026 (without regard to any election under subsection (i), such loss shall be allowed only to the extent it is attributable to a Federally declared disaster (as defined in subsection (i)(5)). The preceding sentence shall not apply to any deduction under section 172 which is carried to such a taxable year from a taxable year beginning before January 1, 2018.''. (b) Effective Date.--The amendment made by this section shall apply to losses incurred in taxable years beginning after December 31, 2017. SEC. 11045. SUSPENSION OF MISCELLANEOUS ITEMIZED DEDUCTIONS. (a) In General.--Section 67 is amended by adding at the end the following new subsection: ``(g) Suspension for Taxable Years 2018 Through 2025.-- Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11046. SUSPENSION OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS. (a) In General.--Section 68 is amended by adding at the end the following new subsection: ``(f) Section Not to Apply.--This section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11047. MODIFICATION OF EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE. (a) In General.--Section 121 is amended by adding at the end the following new subsection: ``(h) Special Rules for Sales or Exchanges in Taxable Years 2018 Through 2025.-- ``(1) In general.--In applying this section with respect to sales or exchanges after December 31, 2017, and before January 1, 2026-- ``(A) `8-year' shall be substituted for `5-year' each place it appears in subsections (a), (b)(5)(C)(ii)(I), and (c)(1)(B)(i)(I) and paragraphs (7), (9), (10), and (12) of subsection (d), ``(B) `5 years' shall be substituted for `2 years' each place it appears in subsections (a), (b)(3), (b)(4), (b)(5)(C)(ii)(III), and (c)(1)(B)(ii), and ``(C) `5-year' shall be substituted for `2-year' in subsection (b)(3). ``(2) Exception for binding contracts.--Paragraph (1) shall not apply to any sale or exchange with respect to which there was a written binding contract in effect before January 1, 2018, and at all times thereafter before the sale or exchange.''. (b) Effective Date.--The amendment made by this section shall apply to sales and exchanges after December 31, 2017. SEC. 11048. SUSPENSION OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT. (a) In General.--Section 132(f) is amended by adding at the end the following new paragraph: ``(8) Suspension of qualified bicycle commuting reimbursement exclusion.--Paragraph (1)(D) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11049. SUSPENSION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT. (a) In General.--Section 132(g) is amended-- (1) by striking ``For purposes of this section, the term'' and inserting ``For purposes of this section-- ``(1) In general.--The term'', and (2) by adding at the end the following new paragraph: ``(2) Suspension for taxable years 2018 through 2025.-- Except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station, subsection (a)(6) shall not [[Page S7739]] apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11050. SUSPENSION OF DEDUCTION FOR MOVING EXPENSES. (a) In General.--Section 217 is amended by adding at the end the following new subsection: ``(k) Suspension of Deduction for Taxable Years 2018 Through 2025.--Except in the case of an individual to whom subsection (g) applies, this section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11051. LIMITATION ON WAGERING LOSSES. (a) In General.--Section 165(d) is amended by adding at the end the following: ``For purposes of the preceding sentence, in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, the term `losses from wagering transactions' includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART VI--INCREASE IN ESTATE AND GIFT TAX EXEMPTION SEC. 11061. INCREASE IN ESTATE AND GIFT TAX EXEMPTION. (a) In General.--Section 2010(c)(3) is amended by adding at the end the following new subparagraph: ``(C) Increase in basic exclusion amount.--In the case of estates of decedents dying or gifts made after December 31, 2017, and before January 1, 2026, subparagraph (A) shall be applied by substituting `$10,000,000' for `$5,000,000'.''. (b) Conforming Amendment.--Subsection (g) of section 2001 is amended to read as follows: ``(g) Modifications to Tax Payable.-- ``(1) Modifications to gift tax payable to reflect different tax rates.--For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute-- ``(A) the tax imposed by chapter 12 with respect to such gifts, and ``(B) the credit allowed against such tax under section 2505, including in computing-- ``(i) the applicable credit amount under section 2505(a)(1), and ``(ii) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2). ``(2) Modifications to estate tax payable to reflect different basic exclusion amounts.--The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section with respect to any difference between-- ``(A) the basic exclusion amount under section 2010(c)(3) applicable at the time of the decedent's death, and ``(B) the basic exclusion amount under such section applicable with respect to any gifts made by the decedent.''. (c) Effective Date.--The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2017. PART VII--TAXPAYER RIGHTS AND TAX ADMINISTRATION SEC. 11071. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY. (a) Extension of Time for Return of Property Subject to Levy.--Subsection (b) of section 6343 is amended by striking ``9 months'' and inserting ``2 years''. (b) Period of Limitation on Suits.--Subsection (c) of section 6532 is amended-- (1) by striking ``9 months'' in paragraph (1) and inserting ``2 years'', and (2) by striking ``9-month'' in paragraph (2) and inserting ``2-year''. (c) Effective Date.--The amendments made by this section shall apply to-- (1) levies made after the date of the enactment of this Act, and (2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date. SEC. 11072. INDIVIDUALS HELD HARMLESS ON IMPROPER LEVY ON RETIREMENT ***PLANS***. (a) In General.--Section 6343 is amended by adding at the end the following new subsection: ``(f) Individuals Held Harmless on Wrongful Levy, etc. on Retirement ***Plan***.-- ``(1) In general.--If the Secretary determines that an individual's account or benefit under an eligible retirement ***plan*** (as defined in section 402(c)(8)(B)) has been levied upon in a case to which subsection (b) or (d)(2)(A) applies and property or an amount of money is returned to the individual-- ``(A) the individual may contribute such property or an amount equal to the sum of-- ``(i) the amount of money so returned by the Secretary, and ``(ii) interest paid under subsection (c) on such amount of money, into such eligible retirement ***plan*** if such contribution is permitted by the ***plan***, or into an individual retirement ***plan*** (other than an endowment contract) to which a rollover contribution of a distribution from such eligible retirement ***plan*** is permitted, but only if such contribution is made not later than the due date (not including extensions) for filing the return of tax for the taxable year in which such property or amount of money is returned, and ``(B) the Secretary shall, at the time such property or amount of money is returned, notify such individual that a contribution described in subparagraph (A) may be made. ``(2) Treatment as rollover.--The distribution on account of the levy and any contribution under paragraph (1) with respect to the return of such distribution shall be treated for purposes of this title as if such distribution and contribution were described in section 402(c), 402A(c)(3), 403(a)(4), 403(b)(8), 408(d)(3), 408A(d)(3), or 457(e)(16), whichever is applicable; except that-- ``(A) the contribution shall be treated as having been made for the taxable year in which the distribution on account of the levy occurred, and the interest paid under subsection (c) shall be treated as earnings within the ***plan*** after the contribution and shall not be included in gross income, and ``(B) such contribution shall not be taken into account under section 408(d)(3)(B). ``(3) Refund, etc., of income tax on levy.-- ``(A) In general.--If any amount is includible in gross income for a taxable year by reason of a distribution on account of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover contribution under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year. ``(B) Exception.--Subparagraph (A) shall not apply to a rollover contribution under this subsection which is made from an eligible retirement ***plan*** which is not a Roth IRA or a designated Roth account (within the meaning of section 402A) to a Roth IRA or a designated Roth account under an eligible retirement ***plan***. ``(4) Interest.--Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement ***plan***. ``(5) Treatment of inherited accounts.--For purposes of paragraph (1)(A), section 408(d)(3)(C) shall be disregarded in determining whether an individual retirement ***plan*** is a ***plan*** to which a rollover contribution of a distribution from the ***plan*** levied upon is permitted.''. (b) Effective Date.--The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 in taxable years beginning after December 31, 2017. SEC. 11073. MODIFICATION OF USER FEE REQUIREMENTS FOR INSTALLMENT AGREEMENTS. (a) In General.--Section 6159 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection: ``(f) Installment Agreement Fees.-- ``(1) Limitation on fee amount.--The amount of any fee imposed on an installment agreement under this section may not exceed the amount of such fee as in effect on the date of the enactment of this subsection. ``(2) Waiver or reimbursement.--In the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary)-- ``(A) if the taxpayer has agreed to make payments under the installment agreement by electronic payment through a debit instrument, no fee shall be imposed on an installment agreement under this section, and ``(B) if the taxpayer is unable to make payments under the installment agreement by electronic payment through a debit instrument, the Secretary shall, upon completion of the installment agreement, pay the taxpayer an amount equal to any such fees imposed.''. (b) Effective Date.--The amendments made by this section shall apply to agreements entered into on or after the date which is 60 days after the date of the enactment of this Act. SEC. 11074. FORM 1040SR FOR SENIORS. (a) In General.--The Secretary of the Treasury (or the Secretary's delegate) shall make available a form, to be known as ``Form 1040SR'', for use by individuals to file the return of tax imposed by chapter 1 of the Internal Revenue Code of 1986. Such form shall be as similar as practicable to Form 1040EZ, except that-- (1) the form shall be available only to individuals who have attained age 65 as of the close of the taxable year, (2) the form may be used even if income for the taxable year includes-- (A) social security benefits (as defined in section 86(d) of the Internal Revenue Code of 1986), (B) distributions from qualified retirement ***plans*** (as defined in section 4974(c) of such [[Page S7740]] Code), annuities or other such deferred payment arrangements, (C) interest and dividends, or (D) capital gains and losses taken into account in determining adjusted net capital gain (as defined in section 1(h)(3) of such Code), and (3) the form shall be available without regard to the amount of any item of taxable income or the total amount of taxable income for the taxable year. (b) Effective Date.--The form required by subsection (a) shall be made available for taxable years beginning after the date of the enactment of this Act and ending before January 1, 2026. SEC. 11075. SENSE OF THE SENATE ON IMPROVING CUSTOMER SERVICE AND PROTECTIONS FOR TAXPAYERS BY REINSTATING APPROPRIATE FUNDING LEVELS. It is the sense of the Senate that politically motivated budget cuts-- (1) are counterproductive to deficit reduction, (2) diminish the ability of the Internal Revenue Service to adequately serve taxpayers and protect taxpayer information, and (3) reduce the ability of the Internal Revenue Service to enforce the law. SEC. 11076. RETURN PREPARATION ***PROGRAMS*** FOR LOW-INCOME TAXPAYERS. (a) In General.--Chapter 77 is amended by inserting after section 7526 the following new section: ``SEC. 7526A. RETURN PREPARATION ***PROGRAMS*** FOR LOW-INCOME TAXPAYERS. ``(a) Volunteer Income Tax Assistance Matching Grant ***Program***.-- ``(1) Establishment of ***program***.--The Secretary, through the Internal Revenue Service, shall establish a Community Volunteer Income Tax Assistance Matching Grant ***Program*** (hereinafter in this section referred to as the `VITA grant ***program***'). Except as otherwise provided in this section, the VITA grant ***program*** shall be administered in a manner which is substantially similar to the Community Volunteer Income Tax Assistance matching grants demonstration ***program*** established under title I of division D of the Consolidated Appropriations Act, 2008. ``(2) Matching grants.-- ``(A) In general.--The Secretary shall, subject to the availability of appropriated funds, make available grants under the VITA grant ***program*** to provide matching funds for the development, expansion, or continuation of qualified return preparation ***programs*** assisting low-income taxpayers and members of underserved populations. ``(B) Application.-- ``(i) In general.--Subject to clause (ii), in order to be eligible for a grant under this section, a qualified return preparation ***program*** shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary reasonably requires. ``(ii) Accuracy review.--In the case of any qualified return preparation ***program*** which was awarded a grant under this section and was subsequently subject to a field site visit by the Internal Revenue Service (including through the Stakeholder Partnerships, Education, and Communication office) in which it was determined that the average accuracy rate for preparation of tax returns through such ***program*** was less than 90 percent, such ***program*** shall not be eligible for any additional grants under this section unless such ***program*** provides, as part of their application, sufficient documentation regarding the corrective measures established by such ***program*** to address the deficiencies identified following the field site visit. ``(C) Priority.--In awarding grants under this section, the Secretary shall give priority to applications-- ``(i) demonstrating assistance to low-income taxpayers, with emphasis on outreach to and services for such taxpayers, ``(ii) demonstrating taxpayer outreach and educational activities relating to eligibility and availability of income supports available through the Internal Revenue Code of 1986, such as the earned income tax credit, and ``(iii) demonstrating specific outreach and focus on one or more underserved populations. ``(D) Duration of grants.--Upon application of a qualified return preparation ***program***, the Secretary is authorized to award a multi-year grant not to exceed 3 years. ``(3) Aggregate limitation.--Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $30,000,000 per fiscal year (exclusive of costs of administering the ***program***) to carry out the purposes of this section. ``(b) Use of Funds.-- ``(1) In general.--Qualified return preparation ***programs*** receiving a grant under this section may use the grant for-- ``(A) ordinary and necessary costs associated with ***program*** operation in accordance with Cost Principles Circulars as set forth by the Office of Management and Budget, including-- ``(i) for wages or salaries of persons coordinating the activities of the ***program***, ``(ii) to develop training materials, conduct training, and perform quality reviews of the returns for which assistance has been provided under the ***program***, and ``(iii) for equipment purchases and vehicle-related expenses associated with remote or rural tax preparation services, ``(B) outreach and educational activities described in subsection (a)(2)(C)(ii), and ``(C) services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation. ``(2) Use of grants for overhead expenses prohibited.--No grant made under this section may be used for overhead expenses that are not directly related to any qualified return preparation ***program***. ``(c) Promotion and Referral.-- ``(1) Promotion.--The Secretary shall promote the benefits of, and encourage the use of, tax preparation through qualified return preparation ***programs*** through the use of mass communications, referrals, and other means. ``(2) Internal revenue service referrals.--The Secretary shall refer taxpayers to qualified return preparation ***programs*** receiving funding under this section. ``(3) VITA grantee referral.--Qualified return preparation ***programs*** receiving a grant under this section are encouraged to refer, as appropriate, to local or regional Low Income Taxpayer Clinics individuals who are eligible to receive services at such clinics. ``(d) Definitions.--For purposes of this section-- ``(1) Qualified return preparation ***program***.--The term `qualified return preparation ***program***' means any ***program***-- ``(A) which provides assistance to individuals, not less than 90 percent of whom are low-income taxpayers, in preparing and filing Federal income tax returns, ``(B) which is administered by a qualified entity, ``(C) in which all of the volunteers who assist in the preparation of Federal income tax returns meet the training requirements prescribed by the Secretary, and ``(D) which uses a quality review process which reviews 100 percent of all returns. ``(2) Qualified entity.-- ``(A) In general.--The term `qualified entity' means any entity which-- ``(i) is an eligible organization (as described in subparagraph (B)), ``(ii) is in compliance with Federal tax filing and payment requirements, ``(iii) is not debarred or suspended from Federal contracts, grants, or cooperative agreements, and ``(iv) agrees to provide documentation to substantiate any matching funds provided under the VITA grant ***program***. ``(B) Eligible organization.-- ``(i) In general.--Subject to clause (ii), the term `eligible organization' means-- ``(I) an institution of higher education which is described in section 102 (other than subsection (a)(1)(C) thereof) of the Higher Education Act of 1965 (20 U.S.C 1088), as in effect on the date of the enactment of this section, and which has not been disqualified from participating in a ***program*** under title IV of such Act, ``(II) an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code, ``(III) a local government agency, including-- ``(aa) a county or municipal government agency, and ``(bb) an Indian tribe, as defined in section 4(13) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C 4103(13)), including any tribally designated housing entity (as defined in section 4(22) of such Act (25 U.S.C 4103(22))), tribal subsidiary, subdivision, or other wholly owned tribal entity, or ``(IV) a local, State, regional, or national coalition (with one lead organization which meets the eligibility requirements of subclause (I), (II), or (III) acting as the applicant organization). ``(ii) Alternative eligible organization.--If no eligible organization described in clause (i) is available to assist the targeted population or community, the term `eligible organization' shall include-- ``(I) a State government agency, and ``(II) a Cooperative Extension Service office. ``(3) Low-income taxpayers.--The term `low-income taxpayer' means a taxpayer who has income for the taxable year which does not exceed an amount equal to the completed phaseout amount under section 32(b) for a married couple filing a joint return with three or more qualifying children, as determined in a revenue procedure or other published guidance. ``(4) Underserved population.--The term `underserved population' includes populations of persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, members of the Armed Forces and their spouses, and the elderly.''. (b) Clerical Amendment.--The table of sections for chapter 77 is amended by inserting after the item relating to section 7526 the following new item: ``7526A. Return preparation ***programs*** for low-income taxpayers.''. SEC. 11077. FREE FILE ***PROGRAM***. (a) The Secretary of the Treasury, or the Secretary's delegate, shall continue to operate the IRS Free File ***Program*** as established by the Internal Revenue Service and published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), including any subsequent agreements and governing rules established pursuant thereto. (b) The IRS Free File ***Program*** shall continue to provide free commercial-type online individual income tax preparation and electronic filing services to the lowest 70 percent [[Page S7741]] of taxpayers by income. The number of taxpayers eligible to receive such services each year shall be calculated by the Internal Revenue Service annually based on prior year aggregate taxpayer adjusted gross income data. (c) In addition to the services described in subsection (b), and in the same manner, the IRS Free File ***Program*** shall continue to make available to all taxpayers (without regard to income) a basic, online electronic fillable forms utility. (d) The IRS Free File ***Program*** shall continue to work cooperatively with the private sector to provide the free individual income tax preparation and the electronic filing services described in subsections (b) and (c). (e) The IRS Free File ***Program*** shall work cooperatively with State government agencies to enhance and expand the use of the ***program*** to provide needed benefits to the taxpayer while reducing the cost of processing returns. (f) Nothing in this section is intended to impact the continuity of services provided under Taxpayer Assistance Centers, Tax Counseling for the Elderly, and Volunteer Income Tax Assistance ***programs***. SEC. 11078. ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS. (a) In General.--Paragraph (21) of section 62(a) is amended to read as follows: ``(21) Attorneys' fees relating to awards to whistleblowers.-- ``(A) In general.--Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under-- ``(i) section 7623(b), or ``(ii) in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, any action brought under-- ``(I) section 21F of the Securities Exchange Act of 1934 (15 U.S.C 78u-6), ``(II) a State law relating to false or fraudulent claims that meets the requirements described in section 1909(b) of the Social Security Act (42 U.S.C 1396h(b)), or ``(III) section 23 of the Commodity Exchange Act (7 U.S.C 26). ``(B) May not exceed award.--Subparagraph (A) shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of such award.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11079. CLARIFICATION OF WHISTLEBLOWER AWARDS. (a) Definition of Proceeds.-- (1) In general.--Section 7623 is amended by adding at the end the following new subsection: ``(c) Proceeds.--For purposes of this section, the term `proceeds' includes-- ``(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and ``(2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including-- ``(A) criminal fines and civil forfeitures, and ``(B) violations of reporting requirements.''. (2) Conforming amendments.--Paragraphs (1) and (2)(A) of section 7623(b) are each amended by striking ``collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action'' and inserting ``proceeds collected as a result of the action''. (b) Amount of Proceeds Determined Without Regard to Availability.--Paragraphs (1) and (2)(A) of section 7623(b) are each amended by inserting ``(determined without regard to whether such proceeds are available to the Secretary)'' after ``in response to such action''. (c) Disputed Amount Threshold.--Section 7623(b)(5)(B) is amended by striking ``tax, penalties, interest, additions to tax, and additional amounts'' and inserting ``proceeds''. (d) Effective Date.--The amendments made by this section shall apply to information provided before, on, or after the date of the enactment of this Act with respect to which a final determination for an award has not been made before such date of enactment. PART VIII--INDIVIDUAL MANDATE SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL COVERAGE. (a) In General.--Section 5000A(c) is amended-- (1) in paragraph (2)(B)(iii), by striking ``2.5 percent'' and inserting ``Zero percent'', and (2) in paragraph (3)-- (A) by striking ``$695'' in subparagraph (A) and inserting ``$0'', and (B) by striking subparagraph (D). (b) Effective Date.--The amendment made by this section shall apply to months beginning after December 31, 2018. Subtitle B--Alternative Minimum Tax SEC. 12001. REPEAL OF TAX FOR CORPORATIONS. (a) In General.--Section 55(a) is amended by striking ``There'' and inserting ``In the case of a taxpayer other than a corporation, there''. (b) Conforming Amendments.-- (1) Section 38(c)(6) is amended by adding at the end the following new subparagraph: ``(E) Corporations.--In the case of a corporation, this subsection shall be applied by treating the corporation as having a tentative minimum tax of zero.''. (2)(A) Section 55(b)(1) is amended to read as follows: ``(1) Amount of tentative tax.-- ``(A) In general.--The tentative minimum tax for the taxable year is the sum of-- ``(i) 26 percent of so much of the taxable excess as does not exceed $175,000, plus ``(ii) 28 percent of so much of the taxable excess as exceeds $175,000. The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year. ``(B) Taxable excess.--For purposes of this subsection, the term `taxable excess' means so much of the alternative minimum taxable income for the taxable year as exceeds the exemption amount. ``(C) Married individual filing separate return.--In the case of a married individual filing a separate return, subparagraph (A) shall be applied by substituting 50 percent of the dollar amount otherwise applicable under clause (i) and cause (ii) thereof. For purposes of the preceding sentence, marital status shall be determined under section 7703.''. (B) Section 59(a) is amended-- (i) by striking ``subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies) in lieu of the highest rate of tax specified in section 1 or 11 (whichever applies)'' in paragraph (1)(C) and inserting ``section 55(b)(1) in lieu of the highest rate of tax specified in section 1'', and (ii) in paragraph (2), by striking ``means'' and all that follows and inserting ``means the amount determined under the first sentence of section 55(b)(1).''. (C) Section 897(a)(2)(A) is amended by striking ``section 55(b)(1)(A)'' and inserting ``section 55(b)(1)''. (D) Section 911(f) is amended-- (i) in paragraph (1)(B)-- (I) by striking ``section 55(b)(1)(A)(ii)'' and inserting ``section 55(b)(1)(B)'', and (II) by striking ``section 55(b)(1)(A)(i)'' and inserting ``section 55(b)(1)(A)'', and (ii) in paragraph (2)(B), by striking ``section 55(b)(1)(A)(ii)'' each place it appears and inserting ``section 55(b)(1)(B)''. (3) Section 55(c)(1) is amended by striking ``, the section 936 credit allowable under section 27(b), and the Puerto Rico economic activity credit under section 30A''. (4) Section 55(d) is amended-- (A) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, (B) in paragraph (2) (as so redesignated), by inserting ``and'' at the end of subparagraph (B), by striking ``, and'' at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D), and (C) in paragraph (3) (as so redesignated)-- (i) by striking ``(b)(1)(A)(i)'' in subparagraph (B)(i) and inserting ``(b)(1)(A)'', and (ii) by striking ``paragraph (3)'' in subparagraph (B)(iii) and inserting ``paragraph (2)''. (5) Section 55 is amended by striking subsection (e). (6)(A) Section 56 is amended by striking subsections (c) and (g). (B) Section 847 is amended by striking the last sentence of paragraph (9). (C) Section 848 is amended by striking subsection (i). (7) Section 58(a) is amended by striking paragraph (3) and redesignating paragraph (4) as paragraph (3). (8) Section 59 is amended by striking subsections (b) and (f). (9) Section 11(d) is amended by striking ``the taxes imposed by subsection (a) and section 55'' and inserting ``the tax imposed by subsection (a)''. (10) Section 12 is amended by striking paragraph (7). (11) Section 168(k) is amended by striking paragraph (4). (12) Section 882(a)(1) is amended by striking ``, 55,''. (13) Section 962(a)(1) is amended by striking ``sections 11 and 55'' and inserting ``section 11''. (14) Section 1561(a) is amended-- (A) by inserting ``and'' at the end of paragraph (1), by striking ``, and'' at the end of paragraph (2) and inserting a period, and by striking paragraph (3), and (B) by striking the last sentence. (15) Section 6425(c)(1)(A) is amended to read as follows: ``(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, over''. (16) Section 6655(e)(2) is amended by striking ``and alternative minimum taxable income'' each place it appears in subparagraphs (A) and (B)(i). (17) Section 6655(g)(1)(A) is amended by inserting ``plus'' at the end of clause (i), by striking clause (ii), and by redesignating clause (iii) as clause (ii). (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 12002. SUSPENSION OF TAX ON INDIVIDUALS. (a) In General.--Section 55(a) is amended by adding at the end the following new flush sentence: ``No tax shall be imposed by this section for any taxable year beginning after December 31, 2017, and before January 1, 2026, and the tentative minimum tax of any taxpayer for any such taxable year shall be zero for purposes of this title.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. [[Page S7742]] SEC. 12003. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY. (a) Credits Treated as Refundable.--Section 53 is amended by adding at the end the following new subsection: ``(e) Portion of Credit Treated as Refundable.-- ``(1) In general.--In the case of any taxable year beginning in 2018, 2019, 2020, or 2021, the limitation under subsection (c) shall be increased by the AMT refundable credit amount for such year. ``(2) AMT refundable credit amount.--For purposes of paragraph (1), the AMT refundable credit amount is an amount equal to 50 percent (100 percent in the case of a taxable year beginning in 2021) of the excess (if any) of-- ``(A) the minimum tax credit determined under subsection (b) for the taxable year, over ``(B) the minimum tax credit allowed under subsection (a) for such year (before the application of this subsection for such year). ``(3) Credit refundable.--For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as a credit allowed under subpart C (and not this subpart). ``(4) Short taxable years.--In the case of any taxable year of less than 365 days, the AMT refundable credit amount determined under paragraph (2) with respect to such taxable year shall be the amount which bears the same ratio to such amount determined without regard to this paragraph as the number of days in such taxable year bears to 365.''. (b) Treatment of References.--Section 53(d) is amended by adding at the end the following new paragraph: ``(3) AMT term references.--In the case of a corporation, any references in this subsection to section 55, 56, or 57 shall be treated as a reference to such section as in effect before the amendments made by Tax Cuts and Jobs Act.''. (c) Conforming Amendment.--Section 1374(b)(3)(B) is amended by striking the last sentence thereof. (d) Effective Date.-- (1) In general.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. (2) Conforming amendment.--The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2021. Subtitle C--Business-related Provisions PART I--CORPORATE PROVISIONS Subpart A--20.94-percent Tax Rate SEC. 13001. 20.94-PERCENT CORPORATE TAX RATE. (a) In General.--Subsection (b) of section 11 is amended to read as follows: ``(b) Amount of Tax.--The amount of the tax imposed by subsection (a) shall be 20.94 percent of taxable income.''. (b) Conforming Amendments.-- (1) The following sections are each amended by striking ``section 11(b)(1)'' and inserting ``section 11(b)'': (A) Section 280C(c)(3)(B)(ii)(II). (B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e). (C) Section 7874(e)(1)(B) (2)(A) Part I of subchapter P of chapter 1 is amended by striking section 1201 (and by striking the item relating to such section in the table of sections for such part). (B) Section 12 is amended by striking paragraphs (4) and (6), and by redesignating paragraph (5) as paragraph (4). (C) Section 453A(c)(3) is amended by striking ``or 1201 (whichever is appropriate)''. (D) Section 527(b) is amended-- (i) by striking paragraph (2), and (ii) by striking all that precedes ``is hereby imposed'' and inserting: ``(b) Tax Imposed.--A tax''. (E) Sections 594(a) is amended by striking ``taxes imposed by section 11 or 1201(a)'' and inserting ``tax imposed by section 11''. (F) Section 691(c)(4) is amended by striking ``1201,''. (G) Section 801(a) is amended-- (i) by striking paragraph (2), and (ii) by striking all that precedes ``is hereby imposed'' and inserting: ``(a) Tax Imposed.--A tax''. (H) Section 831(e) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively. (I) Sections 832(c)(5) and 834(b)(1)(D) are each amended by striking ``sec. 1201 and following,''. (J) Section 852(b)(3)(A) is amended by striking ``section 1201(a)'' and inserting ``section 11(b)''. (K) Section 857(b)(3) is amended-- (i) by striking subparagraph (A) and redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively, (ii) in subparagraph (C), as so redesignated-- (I) by striking ``subparagraph (A)(ii)'' in clause (i) thereof and inserting ``paragraph (1)'', (II) by striking ``the tax imposed by subparagraph (A)(ii)'' in clauses (ii) and (iv) thereof and inserting ``the tax imposed by paragraph (1) on undistributed capital gain'', (iii) in subparagraph (E), as so redesignated, by striking ``subparagraph (B) or (D)'' and inserting ``subparagraph (A) or (C)'', and (iv) by adding at the end the following new subparagraph: ``(F) Undistributed capital gain.--For purposes of this paragraph, the term `undistributed capital gain' means the excess of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only.''. (L) Section 882(a)(1), as amended by section 12001, is amended by striking ``or 1201(a)''. (M) Section 904(b) is amended-- (i) by striking ``or 1201(a)'' in paragraph (2)(C), (ii) by striking paragraph (3)(D) and inserting the following: ``(D) Capital gain rate differential.--There is a capital gain rate differential for any year if subsection (h) of section 1 applies to such taxable year.'', and (iii) by striking paragraph (3)(E) and inserting the following: ``(E) Rate differential portion.--The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as-- ``(i) the excess of-- ``(I) the highest rate of tax set forth in subsection (a), (b), (c), (d), or (e) of section 1 (whichever applies), over ``(II) the alternative rate of tax determined under section 1(h), bears to ``(ii) that rate referred to in subclause (I).''. (N) Section 1374(b) is amended by striking paragraph (4). (O) Section 1381(b) is amended by striking ``taxes imposed by section 11 or 1201'' and inserting ``tax imposed by section 11''. (P) Sections 6425(c)(1)(A), as amended by section 12001, and 6655(g)(1)(A)(i) are each amended by striking ``or 1201(a),''. (Q) Section 7518(g)(6)(A) is amended by striking ``or 1201(a)''. (3)(A) Section 1445(e)(1) is amended-- (i) by striking ``35 percent'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b)'', and (ii) by striking ``of the gain'' and inserting ``multiplied by the gain''. (B) Section 1445(e)(2) is amended by striking ``35 percent of the amount'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b) multiplied by the amount''. (C) Section 1445(e)(6) is amended-- (i) by striking ``35 percent'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b)'', and (ii) by striking ``of the amount'' and inserting ``multiplied by the amount''. (D) Section 1446(b)(2)(B) is amended by striking ``section 11(b)(1)'' and inserting ``section 11(b)''. (4) Section 852(b)(1) is amended by striking the last sentence. (5)(A) Part I of subchapter B of chapter 5 is amended by striking section 1551 (and by striking the item relating to such section in the table of sections for such part). (B) Section 535(c)(5) is amended to read as follows: ``(5) Cross reference.--For limitation on credit provided in paragraph (2) or (3) in the case of certain controlled corporations, see section 1561.''. (6)(A) Section 1561, as amended by section 12001, is amended to read as follows: ``SEC. 1561. LIMITATION ON ACCUMULATED EARNINGS CREDIT IN THE CASE OF CERTAIN CONTROLLED CORPORATIONS. ``(a) In General.--The component members of a controlled group of corporations on a December 31 shall, for their taxable years which include such December 31, be limited for purposes of this subtitle to one $250,000 ($150,000 if any component member is a corporation described in section 535(c)(2)(B)) amount for purposes of computing the accumulated earnings credit under section 535(c)(2) and (3). Such amount shall be divided equally among the component members of such group on such December 31 unless the Secretary prescribes regulations permitting an unequal allocation of such amount. ``(b) Certain Short Taxable Years.--If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle, the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a) with respect to such group, divided by the number of corporations which are component members of such group on the last day of such taxable year. For purposes of the preceding sentence, section 1563(b) shall be applied as if such last day were substituted for December 31.''. (B) The table of sections for part II of subchapter B of chapter 5 is amended by striking the item relating to section 1561 and inserting the following new item: ``Sec. 1561. Limitation on accumulated earnings credit in the case of certain controlled corporations.''. (7) Section 7518(g)(6)(A) is amended-- (A) by striking ``With respect to the portion'' and inserting ``In the case of a taxpayer other than a corporation, with respect to the portion'', and (B) by striking ``(34 percent in the case of a corporation)''. (c) Effective Date.-- (1) In general.--Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2018. [[Page S7743]] (2) Withholding.--The amendments made by subsection (b)(3) shall apply to distributions made after December 31, 2018. (3) Certain transfers.--The amendments made by subsection (b)(6) shall apply to transfers made after December 31, 2018. (d) Normalization Requirements.-- (1) In general.--A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 of the Internal Revenue Code of 1986 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method. (2) Alternative method for certain taxpayers.--If, as of the first day of the taxable year that includes the date of enactment of this Act-- (A) the taxpayer was required by a regulatory agency to compute depreciation for public utility property on the basis of an average life or composite rate method, and (B) the taxpayer's books and underlying records did not contain the vintage account data necessary to apply the average rate assumption method, the taxpayer will be treated as using a normalization method of accounting if, with respect to such jurisdiction, the taxpayer uses the alternative method for public utility property that is subject to the regulatory authority of that jurisdiction. (3) Definitions.--For purposes of this subsection-- (A) Excess tax reserve.--The term ``excess tax reserve'' means the excess of-- (i) the reserve for deferred taxes (as described in section 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) as determined under the Internal Revenue Code of 1986 as in effect on the day before the date of the enactment of this Act, over (ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods. (B) Average rate assumption method.--The average rate assumption method is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, if timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying-- (i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by (ii) the amount of the timing differences which reverse during such period. (C) Alternative method.--The ``alternative method'' is the method in which the taxpayer-- (i) computes the excess tax reserve on all public utility property included in the plant account on the basis of the weighted average life or composite rate used to compute depreciation for regulatory purposes, and (ii) reduces the excess tax reserve ratably over the remaining regulatory life of the property. (4) Tax increased for normalization violation.--If, for any taxable year ending after the date of the enactment of this Act, the taxpayer does not use a normalization method of accounting, the taxpayer's tax for the taxable year shall be increased by the amount by which it reduces its excess tax reserve more rapidly than permitted under a normalization method of accounting. \_\_\_\_\_\_ SA 1843. Mr. RUBIO (for himself and Mr. Lee) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 1, strike line 1 and all that follows through page 123, line 22, and insert the following: TITLE I SEC. 11000. SHORT TITLE, ETC. (a) Short Title.--This title may be cited as the ``Tax Cuts and Jobs Act''. (b) Amendment of 1986 Code.--Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986. Subtitle A--Individual Tax Reform PART I--TAX RATE REFORM SEC. 11001. MODIFICATION OF RATES. (a) In General.--Section 1 is amended by adding at the end the following new subsection: ``(j) Modifications for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) subsection (i) shall not apply, and ``(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (7). ``(2) Rate tables.-- ``(A) Married individuals filing joint returns and surviving spouses.--The following table shall be applied in lieu of the table contained in subsection (a): ``If taxable income is: The tax is: 10% of taxable income.................................................. $1,905, plus 12% of the excess over $19,050............................ $8,907, plus 22% of the excess over $77,400............................ $22,679, plus 24% of the excess over $140,000.......................... $65,879, plus 32% of the excess over $320,000.......................... $91,479, plus 35% of the excess over $400,000.......................... $301,479 plus 38.5% of the excess over $1,000,000...................... ``(B) Heads of households.--The following table shall be applied in lieu of the table contained in subsection (b): ``If taxable income is: The tax is: 10% of taxable income.................................................. $1,360, plus 12% of the excess over $13,600............................ $5,944, plus 22% of the excess over $51,800............................ $9,948, plus 24% of the excess over $70,000............................ $31,548, plus 32% of the excess over $160,000.......................... $44,348, plus 35% of the excess over $200,000.......................... $149,348, plus 38.5% of the excess over $500,000....................... ``(C) Unmarried individuals other than surviving spouses and heads of households.--The following table shall be applied in lieu of the table contained in subsection (c): ``If taxable income is: The tax is: 10% of taxable income.................................................. $952.50, plus 12% of the excess over $9,525............................ $4,453.50, plus 22% of the excess over $38,700......................... $11,339.50, plus 24% of the excess over $70,000........................ $32,939.50, plus 32% of the excess over $160,000....................... $45,739.50, plus 35% of the excess over $200,000....................... $150,739.50, plus 38.5% of the excess over $500,000.................... ``(D) Married individuals filing separate returns.--The following table shall be applied in lieu of the table contained in subsection (d): ``If taxable income is: The tax is: 10% of taxable income.................................................. $952.50, plus 12% of the excess over $9,525............................ $4,453.50, plus 22% of the excess over $38,700......................... $11,339.50, plus 24% of the excess over $70,000........................ $32,939.50, plus 32% of the excess over $160,000....................... $45,739.50, plus 35% of the excess over $200,000....................... $150,739.50, plus 38.5% of the excess over $500,000.................... ``(E) Estates and trusts.--The following table shall be applied in lieu of the table contained in subsection (e): ``If taxable income is: The tax is: 10% of taxable income.................................................. $255, plus 24% of the excess over $2,550............................... $1,839, plus 35% of the excess over $9,150............................. $3,011.50, plus 38.5% of the excess over $12,500....................... ``(F) References to rate tables.--Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C). ``(3) Adjustments, elimination of marriage penalty; etc.-- ``(A) No adjustment in 2018.--The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019. ``(B) Subsequent years.--For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f), except that in prescribing such tables-- ``(i) subsection (f)(3) shall be applied by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof, and ``(ii) subsection (f)(7) shall not apply and-- ``(I) the maximum taxable income in each of the rate brackets in the table contained in paragraph (2)(A) (and the minimum taxable income in the next higher taxable income bracket with respect to each such bracket in such table) shall be 200 percent of the maximum taxable income in the corresponding rate bracket in the table contained in paragraph (2)(C) (after any other adjustment under paragraph (3)), and ``(II) the comparable taxable income amounts in the table contained in paragraph (2)(D) shall be \1/2\ of the amounts determined under subparagraph (A). ``(4) Special rules for certain children with unearned income.-- ``(A) In general.--In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1). ``(B) Modifications to applicable rate brackets.--In determining the amount of tax imposed by this section for the taxable [[Page S7744]] year on a child described in subparagraph (A), the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications: ``(i) 24-percent bracket.--The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the earned taxable income of such child. ``(ii) 35-percent bracket.--The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year. ``(iii) 38.5-percent bracket.--The maximum taxable income which is taxed at a rate below 38.5 percent shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the minimum taxable income for the 38.5-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year. ``(C) Coordination with capital gains rates.--For purposes of applying section 1(h) (after the modifications under paragraph (5))-- ``(i) the maximum zero rate amount shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and ``(ii) the maximum 15-percent rate amount shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year. ``(D) Earned taxable income.--For purposes of this paragraph, the term `earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4)) of such child. ``(5) Application of current income tax brackets to capital gains brackets.-- ``(A) In general.--Section 1(h)(1) shall be applied-- ``(i) by substituting `below the maximum zero rate amount' for `which would (without regard to this paragraph) be taxed at a rate below 25 percent' in subparagraph (B)(i), and ``(ii) by substituting `below the maximum 15-percent rate amount' for `which would (without regard to this paragraph) be taxed at a rate below 39.6 percent' in subparagraph (C)(ii)(I). ``(B) Maximum amounts defined.--For purposes of applying section 1(h) with the modifications described in subparagraph (A)-- ``(i) Maximum zero rate amount.--The maximum zero rate amount shall be-- ``(I) in the case of a joint return or surviving spouse, $77,200 (\1/2\ such amount in the case of a married individual filing a separate return), ``(II) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700, ``(III) in the case of any other individual (other than an estate or trust), an amount equal to \1/2\ of the amount in effect for the taxable year under clause (i), and ``(IV) in the case of an estate or trust, $2,600. ``(ii) Maximum 15-percent rate amount.--The maximum 15- percent rate amount shall be-- ``(I) in the case of a joint return or surviving spouse, $479,000 (\1/2\ such amount in the case of a married individual filing a separate return), ``(II) in the case of an individual who is the head of a household (as defined in section 2(b)), $452,400, ``(III) in the case of any other individual (other than an estate or trust), $425,800, and ``(IV) in the case of an estate or trust, $12,700. ``(C) Inflation adjustment.--In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. ``(6) Section 15 not to apply.--Section 15 shall not apply to any change in a rate of tax by reason of this subsection.''. (b) Due Diligence Tax Preparer Requirement With Respect to Head of Household Filing Status.--Subsection (g) of section 6695 is amended to read as follows: ``(g) Failure to Be Diligent in Determining Eligibility for Certain Tax Benefits.--Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining-- ``(1) eligibility to file as a head of household (as defined in section 2(b)) on the return, or ``(2) eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32, shall pay a penalty of $500 for each such failure.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI. (a) In General.--Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph: ``(3) Cost-of-living adjustment.--For purposes of this subsection-- ``(A) In general.--The cost-of-living adjustment for any calendar year is the percentage (if any) by which-- ``(i) the C-CPI-U for the preceding calendar year, exceeds ``(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B). ``(B) Amount determined.--The amount determined under this clause is the amount obtained by dividing-- ``(i) the C-CPI-U for calendar year 2016, by ``(ii) the CPI for calendar year 2016. ``(C) Special rule for adjustments with a base year after 2016.--For purposes of any provision of this title which provides for the substitution of a year after 2016 for `2016' in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting `the C-CPI-U for calendar year 2016' for `the CPI for calendar year 2016' and all that follows in clause (ii) thereof.''. (b) C-CPI-U.--Subsection (f) of section 1 is amended by striking paragraph (7), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph: ``(6) C-CPI-U.--For purposes of this subsection-- ``(A) In general.--The term `C-CPI-U' means the Chained Consumer Price Index for All Urban Consumers (as published by the Bureau of Labor Statistics of the Department of Labor). The values of the Chained Consumer Price Index for All Urban Consumers taken into account for purposes of determining the cost-of-living adjustment for any calendar year under this subsection shall be the latest values so published as of the date on which such Bureau publishes the initial value of the Chained Consumer Price Index for All Urban Consumers for the month of August for the preceding calendar year. ``(B) Determination for calendar year.--The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on August 31 of such calendar year.''. (c) Application to Permanent Tax Tables.--Section 1(f)(2)(A) is amended by inserting ``, determined by substituting `1992' for `2016' in paragraph (3)(A)(ii)''. (d) Application to Other Internal Revenue Code of 1986 Provisions.-- (1) The following sections are each amended by striking ``for `calendar year 1992' in subparagraph (B)'' and inserting ``for `calendar year 2016' in subparagraph (A)(ii)'': (A) Section 23(h)(2). (B) Paragraphs (1)(A)(ii) and (2)(A)(ii) of section 25A(h). (C) Section 25B(b)(3)(B). (D) Subsection (b)(2)(B)(ii)(II), and clauses (i) and (ii) of subsection (j)(1)(B), of section 32. (E) Section 36B(f)(2)(B)(ii)(II). (F) Section 41(e)(5)(C)(i). (G) Subsections (e)(3)(D)(ii) and (h)(3)(H)(i)(II) of section 42. (H) Section 45R(d)(3)(B)(ii). (I) Section 62(d)(3)(B). (J) Section 125(i)(2)(B). (K) Section 135(b)(2)(B)(ii). (L) Section 137(f)(2). (M) Section 146(d)(2)(B). (N) Section 147(c)(2)(H)(ii). (O) Section 179(b)(6)(A)(ii). (P) Subsections (b)(5)(C)(i)(II) and (g)(8)(B) of section 219. (Q) Section 220(g)(2). (R) Section 221(f)(1)(B). (S) Section 223(g)(1)(B). (T) Section 408A(c)(3)(D)(ii). (U) Section 430(c)(7)(D)(vii)(II). (V) Section 512(d)(2)(B). (W) Section 513(h)(2)(C)(ii). (X) Section 831(b)(2)(D)(ii). (Y) Section 877A(a)(3)(B)(i)(II). (Z) Section 2010(c)(3)(B)(ii). (AA) Section 2032A(a)(3)(B). (BB) Section 2503(b)(2)(B). (CC) Section 4261(e)(4)(A)(ii). (DD) Section 5000A(c)(3)(D)(ii). (EE) Section 6323(i)(4)(B). (FF) Section 6334(g)(1)(B). (GG) Section 6601(j)(3)(B). (HH) Section 6651(i)(1). (II) Section 6652(c)(7)(A). (JJ) Section 6695(h)(1). (KK) Section 6698(e)(1). (LL) Section 6699(e)(1). (MM) Section 6721(f)(1). (NN) Section 6722(f)(1). (OO) Section 7345(f)(2). (PP) Section 7430(c)(1). (QQ) Section 9831(d)(2)(D)(ii)(II). (2) Section 41(e)(5)(C)(ii) is amended-- (A) by striking ``1(f)(3)(B)'' and inserting ``1(f)(3)(A)(ii)'', and (B) by striking ``1992'' and inserting ``2016''. (3) Section 42(h)(6)(G) is amended-- (A) by striking ``for `calendar year 1987' '' in clause (i)(II) and inserting ``for `calendar year 2016' in subparagraph (A)(ii) thereof'', and (B) by striking ``if the CPI for any calendar year'' and all that follows in clause (ii) and inserting ``if the C-CPI- U for any calendar year (as defined in section 1(f)(6)) exceeds the C-CPI-U for the preceding calendar year by [[Page S7745]] more than 5 percent, the C-CPI-U for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i). In the case of a base calendar year before 2017, the C-CPI-U for such year shall be determined by multiplying the CPI for such year by the amount determined under section 1(f)(3)(B).''. (4) Section 132(f)(6)(A)(ii) is amended by striking ``for `calendar year 1992' '' and inserting ``for `calendar year 2016' in subparagraph (A)(ii) thereof''. (5) Section 162(o)(3) is amended by striking ``adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991'' and inserting ``adjusted by increasing any such amount under the 1991 agreement by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1990' for `calendar year 2016' in subparagraph (A)(ii) thereof''. (6) So much of clause (ii) of section 213(d)(10)(B) as precedes the last sentence is amended to read as follows: ``(ii) Medical care cost adjustment.--For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which-- ``(I) the medical care component of the C-CPI-U (as defined in section 1(f)(6)) for August of the preceding calendar year, exceeds ``(II) such component of the CPI (as defined in section 1(f)(4)) for August of 1996, multiplied by the amount determined under section 1(f)(3)(B).''. (7) Section 877(a)(2) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (8) Section 911(b)(2)(D)(ii)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (9) Paragraph (2) of section 1274A(d) is amended to read as follows: ``(2) Adjustment for inflation.--In the case of any debt instrument arising out of a sale or exchange during any calendar year after 1989, each dollar amount contained in the preceding provisions of this section shall be increased by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1988' for `calendar year 2016' in subparagraph (A)(ii) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''. (10) Section 4161(b)(2)(C)(i)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (11) Section 4980I(b)(3)(C)(v)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (12) Section 6039F(d) is amended by striking ``subparagraph (B) thereof shall be applied by substituting `1995' for `1992' '' and inserting ``subparagraph (A)(ii) thereof shall be applied by substituting `1995' for `2016' ''. (13) Section 7872(g)(5) is amended to read as follows: ``(5) Adjustment of limit for inflation.--In the case of any loan made during any calendar year after 1986, the dollar amount in paragraph (2) shall be increased by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1985' for `calendar year 2016' in subparagraph (A)(ii) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''. (e) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. PART II--DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME. (a) In General.--Part VI of subchapter B of chapter 1 is amended by adding at the end the following new section: ``SEC. 199A. QUALIFIED BUSINESS INCOME. ``(a) In General.--In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the lesser of-- ``(1) the combined qualified business income amount of the taxpayer, or ``(2) an amount equal to 17.4 percent of the excess (if any) of-- ``(A) the taxable income of the taxpayer for the taxable year, over ``(B) any net capital gain (as defined in section 1(h)) of the taxpayer for the taxable year. ``(b) Combined Qualified Business Income Amount.--For purposes of this section-- ``(1) In general.--The term `combined qualified business income amount' means, with respect to any taxable year, an amount equal to-- ``(A) the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer, plus ``(B) 17.4 percent of the aggregate amount of the qualified REIT dividends and qualified cooperative dividends of the taxpayer for the taxable year. ``(2) Determination of deductible amount for each trade or business.--The amount determined under this paragraph with respect to any qualified trade or business is the lesser of-- ``(A) 17.4 percent of the taxpayer's qualified business income with respect to the qualified trade or business, or ``(B) 50 percent of the W-2 wages with respect to the qualified trade or business. ``(3) Modifications to the wage limit based on taxable income.-- ``(A) Exception from wage limit.--In the case of any taxpayer whose taxable income for the taxable year does not exceed the threshold amount, paragraph (2) shall be applied without regard to subparagraph (B). ``(B) Phase-in of limit for certain taxpayers.-- ``(i) In general.--If-- ``(I) the taxable income of a taxpayer for any taxable year exceeds the threshold amount, but does not exceed the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), and ``(II) the amount determined under paragraph (2)(B) (determined without regard to this subparagraph) with respect to any qualified trade or business carried on by the taxpayer is less than the amount determined under paragraph (2)(A) with respect such trade or business, then paragraph (2) shall be applied with respect to such trade or business without regard to subparagraph (B) thereof and by reducing the amount determined under subparagraph (A) thereof by the amount determined under clause (ii). ``(ii) Amount of reduction.--The amount determined under this subparagraph is the amount which bears the same ratio to the excess amount as-- ``(I) the amount by which the taxpayer's taxable income for the taxable year exceeds the threshold amount, bears to ``(II) $50,000 ($100,000 in the case of a joint return). ``(iii) Excess amount.--For purposes of clause (ii), the excess amount is the excess of-- ``(I) the amount determined under paragraph (2)(A) (determined without regard to this paragraph), over ``(II) the amount determined under paragraph (2)(B) (determined without regard to this paragraph). ``(4) Wages, etc.-- ``(A) In general.--The term `W-2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year. ``(B) Limitation to wages attributable to qualified business income.--Such term shall not include any amount which is not properly allocable to qualified business income for purposes of subsection (c)(1). ``(C) Return requirement.--Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return. ``(5) Acquisitions, dispositions, and short taxable years.--The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year. ``(c) Qualified Business Income.--For purposes of this section-- ``(1) In general.--The term `qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. ``(2) Carryover of losses.--If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year. ``(3) Qualified items of income, gain, deduction, and loss.--For purposes of this subsection-- ``(A) In general.--The term `qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are-- ``(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting `qualified trade or business (within the meaning of section 199A)' for `nonresident alien individual or a foreign corporation' or for `a foreign corporation' each place it appears), and ``(ii) included or allowed in determining taxable income for the taxable year. ``(B) Exceptions.--The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss: ``(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss. ``(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G). [[Page S7746]] ``(iii) Any interest income other than interest income which is properly allocable to a trade or business. ``(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting `qualified trade or business' for `controlled foreign corporation'). ``(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)). ``(vi) Any amount received from an annuity which is not received in connection with the trade or business. ``(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses. ``(4) Treatment of reasonable compensation and guaranteed payments.--Qualified business income shall not include-- ``(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business, ``(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and ``(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business. ``(d) Qualified Trade or Business.--For purposes of this section-- ``(1) In general.--The term `qualified trade or business' means any trade or business other than a specified service trade or business. ``(2) Specified service trade or business.-- ``(A) In general.--The term `specified service trade or business' means-- ``(i) any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)). ``(3) Exception for specified service businesses based on taxpayer's income.-- ``(A) In general.--If, for any taxable year, the taxable income of any taxpayer is less than the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), then-- ``(i) the exception under paragraph (1) shall not apply to specified service trades or businesses of the taxpayer for the taxable year, but ``(ii) only the applicable percentage of qualified items of income, gain, deduction, or loss, and the W-2 wages, of the taxpayer allocable to such specified service trades or businesses shall be taken into account in computing the qualified business income and W-2 wages of the taxpayer for the taxable year for purposes of applying this section. ``(B) Applicable percentage.--For purposes of subparagraph (A), the term `applicable percentage' means, with respect to any taxable year, 100 percent reduced (not below zero) by the percentage equal to the ratio of-- ``(i) the taxable income of the taxpayer for the taxable year in excess of the threshold amount, bears to ``(ii) $50,000 ($100,000 in the case of a joint return). ``(e) Other Definitions.--For purposes of this section-- ``(1) Taxable income.--Taxable income shall be computed without regard to the deduction allowable under this section. ``(2) Threshold amount.-- ``(A) In general.--The term `threshold amount' means $250,000 (200 percent of such amount in the case of a joint return). ``(B) Inflation adjustment.--In the case of any taxable year beginning after 2018, the dollar amount in paragraph (1) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000. ``(3) Qualified reit dividend.--The term `qualified REIT dividend' means any dividend from a real estate investment trust received during the taxable year which-- ``(A) is not a capital gain dividend, as defined in section 857(b)(3), and ``(B) is not qualified dividend income, as defined in section 1(h)(11). ``(4) Qualified cooperative dividend.--The term `qualified cooperative dividend' means any patronage dividend (as defined in section 1388(a)), any per-unit retain allocation (as defined in section 1388(f)), and any qualified written notice of allocation (as defined in section 1388(c)), or any similar amount received from an organization described in subparagraph (B)(ii), which-- ``(A) is includible in gross income, and ``(B) is received from-- ``(i) an organization or corporation described in section 501(c)(12) or 1381(a), or ``(ii) an organization which is governed under this title by the rules applicable to cooperatives under this title before the enactment of subchapter T. ``(f) Special Rules.-- ``(1) Application to partnerships and s corporations.-- ``(A) In general.--In the case of a partnership or S corporation-- ``(i) this section shall be applied at the partner or shareholder level, ``(ii) each partner or shareholder shall take into account such person's allocable share of each qualified item of income, gain, deduction, and loss, and ``(iii) each partner or shareholder shall be treated for purposes of subsection (b) as having W-2 wages for the taxable year in an amount equal to such person's allocable share of the W-2 wages of the partnership or S corporation for the taxable year (as determined under regulations prescribed by the Secretary). For purposes of clause (iii), a partner's or shareholder's allocable share of W-2 wages shall be determined in the same manner as the partner's or shareholder's allocable share of wage expenses. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item. ``(B) Application to trusts and estates.--This section shall not apply to any trust or estate. ``(C) Treatment of trades or business in puerto rico.-- ``(i) In general.--In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term `United States' shall include the Commonwealth of Puerto Rico. ``(ii) Special rule for applying wage limitation.--In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico. ``(2) Coordination with minimum tax.--For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59. ``(3) Deduction limited to income taxes.--The deduction under subsection (a) shall only be allowed for purposes of this chapter. ``(4) Regulations.--The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations-- ``(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and ``(B) for the application of this section in the case of tiered entities. ``(g) Termination.--This section shall not apply to taxable years beginning after December 31, 2025.''. (b) Accuracy-related Penalty on Determination of Applicable Percentage.--Section 6662(d)(1) is amended by inserting at the end the following new subparagraph: ``(C) Special rule for taxpayers claiming section 199a deduction.--In the case of any taxpayer who claims the deduction allowed under section 199A for the taxable year, subparagraph (A) shall be applied by substituting `5 percent' for `10 percent'.''. (c) Conforming Amendments.-- (1) Section 170(b)(2)(D) is amended by striking ``, and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause: ``(v) section 199A, and''. (2) Section 172(d) is amended by adding at the end the following new paragraph: ``(8) Qualified business income deduction.--The deduction under section 199A shall not be allowed.''. (3) Section 246(b)(1) is amended by inserting ``199A,'' before ``243(a)(1)''. (4) Section 613(a) is amended by inserting ``and without the deduction under section 199A'' after ``and without the deduction under section 199''. (5) Section 613A(d)(1) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B), the following new subparagraph: ``(C) any deduction allowable under section 199A,''. (6) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end the following new item: ``Sec. 199A. Qualified business income.''. (d) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11012. LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS. (a) In General.--Section 461 is amended by adding at the end the following new subsection: ``(l) Limitation on Excess Business Losses of Noncorporate Taxpayers.-- ``(1) Limitation.--In the case of taxable year of a taxpayer other than a corporation beginning after December 31, 2017, and before January 1, 2026-- ``(A) subsection (j) (relating to limitation on excess farm losses of certain taxpayers) shall not apply, and ``(B) any excess business loss of the taxpayer for the taxable year shall not be allowed. ``(2) Disallowed loss carryover.--Any loss which is disallowed under paragraph (1) [[Page S7747]] shall be treated as a net operating loss carryover to the following taxable year under section 172. ``(3) Excess business loss.--For purposes of this subsection-- ``(A) In general.--The term `excess business loss' means the excess (if any) of-- ``(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to trades or businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over ``(ii) the sum of-- ``(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such trades or businesses, plus ``(II) $250,000 (200 percent of such amount in the case of a joint return). ``(B) Adjustment for inflation.--In the case of any taxable year beginning after December 31, 2018, the $250,000 amount in subparagraph (A)(ii)(II) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000. ``(4) Application of subsection in case of partnerships and s corporations.--In the case of a partnership or S corporation-- ``(A) this subsection shall be applied at the partner or shareholder level, and ``(B) each partner's or shareholder's allocable share of the items of income, gain, deduction, or loss of the partnership or S corporation for any taxable year from trades or businesses attributable to the partnership or S corporation shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends. For purposes of this paragraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item. ``(5) Additional reporting.--The Secretary shall prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection. ``(6) Coordination with section 469.--This subsection shall be applied after the application of section 469.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. PART III--TAX BENEFITS FOR FAMILIES AND INDIVIDUALS SEC. 11021. INCREASE IN STANDARD DEDUCTION. (a) In General.--Subsection (c) of section 63 is amended by adding at the end the following new paragraph: ``(7) Special rules for taxable years 2018 through 2025.-- In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) Increase in standard deduction.--Paragraph (2) shall be applied-- ``(i) by substituting `$18,000' for `$4,400' in subparagraph (B), and ``(ii) by substituting `$12,000' for `$3,000' in subparagraph (C). ``(B) Adjustment for inflation.-- ``(i) In general.--Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C). ``(ii) Adjustment of increased amounts.--In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each be increased by an amount equal to-- ``(I) such dollar amount, multiplied by ``(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT. (a) In General.--Section 24 is amended by adding at the end the following new subsection: ``(h) Special Rules for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7). ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be-- ``(A) in the case of a joint return, $500,000, and ``(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000. ``(4) Definition of qualifying child.--Paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(5) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(6) Portion of credit refundable.--Subsection (d)(1)(B)(i) shall be applied by substituting-- ``(A) `15.3 percent' for `15 percent', and ``(B) `$0' for `$3,000'. ``(7) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11023. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS. (a) In General.--Section 170(b)(1) is amended by redesignating subparagraph (G) as subparagraph (H) and by inserting after subparagraph (F) the following new subparagraph: ``(G) Increased limitation for cash contributions.-- ``(i) In general.--In the case of any contribution of cash to an organization described in subparagraph (A), the total amount of such contributions which may be taken into account under subsection (a) for any taxable year beginning after December 31, 2017, and before January 1, 2026, shall not exceed 60 percent of the taxpayer's contribution base for such year. ``(ii) Carryover.--If the aggregate amount of contributions described in clause (i) exceeds the applicable limitation under clause (i) for any taxable year described in such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time. ``(iii) Coordination with subparagraphs (a) and (b).-- ``(I) In general.--Contributions taken into account under this subparagraph shall not be taken into account under subparagraph (A). ``(II) Limitation reduction.--Subparagraphs (A) and (B) shall be applied for each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), by reducing (but not below zero) the aggregate contribution limitation allowed for the taxable year under each such subparagraph by the aggregate contributions allowed under this subparagraph for such taxable year.''. (b) Effective Date.--The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2017. SEC. 11024. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS. (a) Increase in Limitation for Contributions From Compensation of Individuals With Disabilities.-- (1) In general.--Section 529A(b)(2)(B) is amended to read as follows: ``(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of-- ``(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus ``(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) before January 1, 2026, the lesser of-- ``(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the preceding taxable year, or ``(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.''. (2) Eligible designated beneficiary.--Section 529A(b) is amended by adding at the end the following: ``(7) Special rules related to contribution limit.--For purposes of paragraph (2)(B)(ii)-- ``(A) Designated beneficiary.--A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom-- ``(i) no contribution is made for the taxable year to a defined contribution ***plan*** (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met, ``(ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and ``(iii) no contribution is made for the taxable year to an eligible deferred compensation ***plan*** described in section 457(b). ``(B) Poverty line.--The term `poverty line' has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C 9902).''. [[Page S7748]] (b) Allowance of Saver's Credit for ABLE Contributions by Account Holder.--Section 25B(d)(1) is amended by striking ``and'' at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting ``, and'', and by inserting at the end the following: ``(D) the amount of contributions made before January 1, 2026, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. SEC. 11025. ROLLOVERS TO ABLE ***PROGRAMS*** FROM 529 ***PROGRAMS***. (a) In General.--Clause (i) of section 529(c)(3)(C) is amended by striking ``or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ``, or'', and by adding at the end the following: ``(III) before January 1, 2026, to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary. Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B).''. (b) Effective Date.--The amendments made by this section shall apply to distributions after the date of the enactment of this Act. SEC. 11026. TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT. (a) In General.--For purposes of the following provisions of the Internal Revenue Code of 1986, with respect to the applicable period, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under section 112 of such Code): (1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status). (2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces). (3) Section 692 (relating to income taxes of members of Armed Forces on death). (4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.). (5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces). (6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces). (7) Section 6013(f)(1) (relating to joint return where individual is in missing status). (8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone). (b) Qualified Hazardous Duty Area.--For purposes of this section, the term ``qualified hazardous duty area'' means the Sinai Peninsula of Egypt, if as of the date of the enactment of this section any member of the Armed Forces of the United States is entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for services performed in such location. Such term includes such location only during the period such entitlement is in effect. (c) Applicable Period.-- (1) In general.--Except as provided in paragraph (2), the applicable period is-- (A) the portion of the first taxable year ending after June 9, 2015, which begins on such date, and (B) any subsequent taxable year beginning before January 1, 2026. (2) Withholding.--In the case of subsection (a)(5), the applicable period is-- (A) the portion of the first taxable year ending after the date of the enactment of this Act which begins on such date, and (B) any subsequent taxable year beginning before January 1, 2026. (d) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the provisions of this section shall take effect on June 9, 2015. (2) Withholding.--Subsection (a)(5) shall apply to remuneration paid after the date of the enactment of this Act. SEC. 11027. EXTENSION OF WAIVER OF LIMITATIONS WITH RESPECT TO EXCLUDING FROM GROSS INCOME AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS. (a) In General.--Section 304(d) of the Protecting Americans from Tax Hikes Act of 2015 (26 U.S.C 139F note) is amended by striking ``1-year'' and inserting ``2-year''. (b) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act. SEC. 11028. UNBORN CHILDREN ALLOWED AS 529 ACCOUNT BENEFICIARIES. (a) In General.--Section 529(e) is amended by adding at the end the following new paragraph: ``(6) Treatment of unborn children.-- ``(A) In general.--Nothing shall prevent an unborn child from being treated as a designated beneficiary or an individual under this section. ``(B) Unborn child.--For purposes of this paragraph-- ``(i) In general.--The term `unborn child' means a child in utero. ``(ii) Child in utero.--The term `child in utero' means a member of the species homo sapiens, at any stage of development, who is carried in the womb.''. (b) Effective Date.--The amendment made by this section shall apply to contributions made after December 31, 2017. SEC. 11029. RELIEF FOR MISSISSIPPI RIVER DELTA FLOOD DISASTER AREA. (a) In General.--For purposes of this section, the term ``Mississippi River Delta flood disaster area'' means any area-- (1) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before September 3, 2016, by reason of severe storms and flooding occurring in Louisiana during August of 2016, or (2) with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act before March 31, 2016, by reason of severe storms and flooding occurring in Louisiana, Texas, and Mississippi during March of 2016. (b) Special Rules for Use of Retirement Funds With Respect to Mississippi Delta Areas Damaged by 2016 Flooding.-- (1) Tax-favored withdrawals from retirement ***plans***.-- (A) In general.--Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified Mississippi River Delta flooding distribution. (B) Aggregate dollar limitation.-- (i) In general.--For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified Mississippi River Delta flooding distributions for any taxable year shall not exceed the excess (if any) of-- (I) $100,000, over (II) the aggregate amounts treated as qualified Mississippi River Delta flooding distributions received by such individual for all prior taxable years. (ii) Treatment of ***plan*** distributions.--If a distribution to an individual would (without regard to clause (i)) be a qualified Mississippi River Delta flooding distribution, a ***plan*** shall not be treated as violating any requirement of this title merely because the ***plan*** treats such distribution as a qualified Mississippi River Delta flooding distribution, unless the aggregate amount of such distributions from all ***plans*** maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $100,000. (iii) Controlled group.--For purposes of clause (ii), the term ``controlled group'' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986. (C) Amount distributed may be repaid.-- (i) In general.--Any individual who receives a qualified Mississippi River Delta flooding distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement ***plan*** of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be. (ii) Treatment of repayments of distributions from eligible retirement ***plans*** other than iras.--For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an eligible retirement ***plan*** other than an individual retirement ***plan***, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified Mississippi River Delta flooding distribution in an eligible rollover distribution (as defined in section 402(c)(4) of the Internal Revenue Code of 1986) and as having transferred the amount to the eligible retirement ***plan*** in a direct trustee to trustee transfer within 60 days of the distribution. (iii) Treatment of repayments for distributions from iras.--For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified Mississippi River Delta flooding distribution from an individual retirement ***plan*** (as defined by section 7701(a)(37) of the Internal Revenue Code of 1986), then, to the extent of the amount of the contribution, the qualified Mississippi River Delta flooding distribution shall be treated as a distribution described in section 408(d)(3) of such Code and as having been transferred to the eligible retirement ***plan*** in a direct trustee to trustee transfer within 60 days of the distribution. (D) Definitions.--For purposes of this paragraph-- (i) Qualified mississippi river delta flooding distribution.--Except as provided in subparagraph (B), the term ``qualified Mississippi River Delta flooding distribution'' means-- (I) any distribution from an eligible retirement ***plan*** made on or after August 11, 2016, and before January 1, 2018, to an individual whose principal place of abode on August 11, 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(1) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or (II) any distribution from an eligible retirement ***plan*** made on or after March 1, 2016, and before January 1, 2018, to an individual whose principal place of abode on March 1, [[Page S7749]] 2016, was located in the portion of Mississippi River Delta disaster area described in subsection (a)(2) and who has sustained an economic loss by reason of the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2). (ii) Eligible retirement ***plan***.--The term ``eligible retirement ***plan***'' shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986. (E) Income inclusion spread over 3-year period.-- (i) In general.--In the case of any qualified Mississippi River Delta flooding distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable- year period beginning with such taxable year. (ii) Special rule.--For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply. (F) Special rules.-- (i) Exemption of distributions from trustee to trustee transfer and withholding rules.--For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified Mississippi River Delta flooding distributions shall not be treated as eligible rollover distributions. (ii) Qualified mississippi river delta flooding distributions treated as meeting ***plan*** distribution requirements.--For purposes of the Internal Revenue Code of 1986, a qualified Mississippi River Delta flooding distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of the Internal Revenue Code of 1986. (2) Provisions relating to ***plan*** amendments.-- (A) In general.--If this paragraph applies to any amendment to any ***plan*** or annuity contract, such ***plan*** or contract shall be treated as being operated in accordance with the terms of the ***plan*** during the period described in subparagraph (B)(ii)(I). (B) Amendments to which subsection applies.-- (i) In general.--This paragraph shall apply to any amendment to any ***plan*** or annuity contract which is made-- (I) pursuant to any provision of this section, or pursuant to any regulation under any provision of this section; and (II) on or before the last day of the first ***plan*** year beginning on or after January 1, 2018, or such later date as the Secretary prescribes. In the case of a governmental ***plan*** (as defined in section 414(d) of the Internal Revenue Code of 1986), subclause (II) shall be applied by substituting the date which is 2 years after the date otherwise applied under subclause (II). (ii) Conditions.--This paragraph shall not apply to any amendment unless-- (I) during the period-- (aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a ***plan*** or contract amendment not required by this section or such regulation, the effective date specified by the ***plan***); and (bb) ending on the date described in clause (i)(II) (or, if earlier, the date the ***plan*** or contract amendment is adopted), the ***plan*** or contract is operated as if such ***plan*** or contract amendment were in effect; and (II) such ***plan*** or contract amendment applies retroactively for such period. (c) Special Rules for Personal Casualty Losses Related to Louisiana Severe Storms and Flooding.-- (1) In general.--If an individual has a net disaster loss for any taxable year beginning after December 31, 2017, and before January 1, 2026-- (A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of-- (i) such net disaster loss, and (ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual, (B) section 165(h)(1) of such Code shall be applied by substituting ``$500'' for ``$500 ($100 for taxable years beginning after December 31, 2009)'', (C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and (D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph. (2) Net disaster loss.--For purposes of this subsection, the term ``net disaster loss'' means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986). (3) Qualified disaster-related personal casualty losses.-- For purposes of this paragraph, the term ``qualified disaster-related personal casualty losses'' means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise-- (A) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(1) on or after August 11, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(1), or (B) in the portion of the Mississippi River Delta flood disaster area described in subsection (a)(2) on or after March 1, 2016, and which are attributable to the severe storms and flooding giving rise to the Presidential declaration described in subsection (a)(2). PART IV--EDUCATION SEC. 11031. TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY. (a) In General.--Section 108(f) is amended by adding at the end the following new paragraph: ``(5) Discharges on account of death or disability.-- ``(A) In general.--In the case of an individual, gross income for any taxable year beginning after December 31, 2017, and before January 1, 2026, does not include any amount which (but for this subsection) would be includible in gross income for such taxable year by reasons of the discharge (in whole or in part) of any loan described in subparagraph (B) if such discharge was-- ``(i) pursuant to subsection (a) or (d) of section 437 of the Higher Education Act of 1965 or the parallel benefit under part D of title IV of such Act (relating to the repayment of loan liability), ``(ii) pursuant to section 464(c)(1)(F) of such Act, or ``(iii) otherwise discharged on account of the death or total and permanent disability of the student. ``(B) Loans described.--A loan is described in this subparagraph if such loan is-- ``(i) a student loan (as defined in paragraph (2)), or ``(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C 1650(7))).''. (b) Effective Date.--The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017. SEC. 11032. INCREASE IN DEDUCTION FOR TEACHER EXPENSES. (a) In General.--Subparagraph (D) of section 62(a)(2) is amended by striking ``$250'' and inserting ``$250 ($500 in the case of taxable years beginning after December 31, 2017, and before January 1, 2026)''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART V--DEDUCTIONS AND EXCLUSIONS SEC. 11041. SUSPENSION OF DEDUCTION FOR PERSONAL EXEMPTIONS. (a) In General.--Subsection (d) of section 151 is amended-- (1) by striking ``In the case of'' in paragraph (4) and inserting ``Except as provided in paragraph (5), in the case of'', and (2) by adding at the end the following new paragraph: ``(5) Special rules for taxable years 2018 through 2025.-- In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) Exemption amount.--The term `exemption amount' means zero. ``(B) References.--For purposes of any other provision of this title, the reduction of the exemption amount to zero under subparagraph (A) shall not be taken into account in determining whether a deduction is allowed or allowable, or whether a taxpayer is entitled to a deduction, under this section.''. (b) Application to Estates and Trusts.--Section 642(b)(2)(C) is amended by adding at the end the following new clause: ``(iii) Years when personal exemption amount is zero.-- ``(I) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, clause (i) shall be applied by substituting `$4,150' for `the exemption amount under section 151(d)'. ``(II) Inflation adjustment.--In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to-- ``(aa) such dollar amount, multiplied by ``(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (c) Exception for Wage Withholding Rules.--Section 3402(a) is amended by adding at the end the following new paragraph: ``(3) Years when personal exemption amount is zero.-- ``(A) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall be applied by substituting `$4,150' for `the amount of one personal exemption provided in section 151(b)'. ``(B) Inflation adjustment.--In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (d) Exception for Determining Property Exempt From Levy.-- Section 6334(d) is [[Page S7750]] amended by adding at the end the following new paragraph: ``(4) Years when personal exemption amount is zero.-- ``(A) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall not apply and for purposes of paragraph (1) the term `exempt amount' means an amount equal to-- ``(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by ``(ii) 52. ``(B) Amount determined.--For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs. ``(C) Inflation adjustment.--In the case of any taxable year beginning after 2018, the $4,150 amount in subparagraph (B) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100. ``(D) Verified statement.--Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''. (e) Persons Required to Make Returns of Income.--Section 6012 is amended by adding at the end the following new subsection: ``(f) Special Rule for Taxable Years 2018 Through 2025.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, subsection (a)(1) shall not apply, and every individual who has gross income for the taxable year shall be required to make returns with respect to income taxes under subtitle A, except that a return shall not be required of-- ``(1) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or ``(2) an individual entitled to make a joint return if-- ``(A) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return, ``(B) such individual and such individual's spouse have the same household as their home at the close of the taxable year, ``(C) such individual's spouse does not make a separate return, and ``(D) neither such individual nor such individual's spouse is an individual described in section 63(c)(5) who has income (other than earned income) in excess of the amount in effect under section 63(c)(5)(A). The amount specified in paragraph (1) or (2)(A) shall be increased by the amount of 1 additional standard deduction (within the meaning of section 63(c)(3)) in the case of an individual entitled to such deduction by reason of section 63(f)(1)(A) (relating to individuals age 65 or more), and by the amount of each additional standard deduction to which the individual or the individual's spouse is entitled by reason of section 63(f)(1).''. (f) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11042. SUSPENSION OF DEDUCTION FOR STATE AND LOCAL, ETC. TAXES. (a) In General.--Subsection (b) of section 164 is amended by adding at the end the following new paragraph: ``(6) Suspension of individual deductions for taxable years 2018 through 2025.--In the case of an individual and a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) paragraphs (1) and (2) of subsection (a) shall not apply to any real property or personal property taxes, other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212, and ``(B) subsection (a)(3) shall not apply to any State or local taxes.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11043. SUSPENSION OF DEDUCTION FOR HOME EQUITY INTEREST. (a) In General.--Section 163(h)(3)(A)(ii) is amended by inserting ``in the case of taxable years beginning before January 1, 2018, or after December 31, 2025,'' before ``home equity indebtedness''. (b) Effective Date.--The amendments made by this section shall apply to taxable years ending after December 31, 2017. SEC. 11044. MODIFICATION OF DEDUCTION FOR PERSONAL CASUALTY LOSSES. (a) In General.--Subsection (h) of section 165 is amended by adding at the end the following new paragraph: ``(5) Limitation for taxable years 2018 through 2025.--In the case of any loss of an individual described in subsection (c)(3) which (but for this paragraph) would be deductible in a taxable year beginning after December 31, 2017, and before January 1, 2026 (without regard to any election under subsection (i), such loss shall be allowed only to the extent it is attributable to a Federally declared disaster (as defined in subsection (i)(5)). The preceding sentence shall not apply to any deduction under section 172 which is carried to such a taxable year from a taxable year beginning before January 1, 2018.''. (b) Effective Date.--The amendment made by this section shall apply to losses incurred in taxable years beginning after December 31, 2017. SEC. 11045. SUSPENSION OF MISCELLANEOUS ITEMIZED DEDUCTIONS. (a) In General.--Section 67 is amended by adding at the end the following new subsection: ``(g) Suspension for Taxable Years 2018 Through 2025.-- Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11046. SUSPENSION OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS. (a) In General.--Section 68 is amended by adding at the end the following new subsection: ``(f) Section Not to Apply.--This section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11047. MODIFICATION OF EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE. (a) In General.--Section 121 is amended by adding at the end the following new subsection: ``(h) Special Rules for Sales or Exchanges in Taxable Years 2018 Through 2025.-- ``(1) In general.--In applying this section with respect to sales or exchanges after December 31, 2017, and before January 1, 2026-- ``(A) `8-year' shall be substituted for `5-year' each place it appears in subsections (a), (b)(5)(C)(ii)(I), and (c)(1)(B)(i)(I) and paragraphs (7), (9), (10), and (12) of subsection (d), ``(B) `5 years' shall be substituted for `2 years' each place it appears in subsections (a), (b)(3), (b)(4), (b)(5)(C)(ii)(III), and (c)(1)(B)(ii), and ``(C) `5-year' shall be substituted for `2-year' in subsection (b)(3). ``(2) Exception for binding contracts.--Paragraph (1) shall not apply to any sale or exchange with respect to which there was a written binding contract in effect before January 1, 2018, and at all times thereafter before the sale or exchange.''. (b) Effective Date.--The amendment made by this section shall apply to sales and exchanges after December 31, 2017. SEC. 11048. SUSPENSION OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT. (a) In General.--Section 132(f) is amended by adding at the end the following new paragraph: ``(8) Suspension of qualified bicycle commuting reimbursement exclusion.--Paragraph (1)(D) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11049. SUSPENSION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT. (a) In General.--Section 132(g) is amended-- (1) by striking ``For purposes of this section, the term'' and inserting ``For purposes of this section-- ``(1) In general.--The term'', and (2) by adding at the end the following new paragraph: ``(2) Suspension for taxable years 2018 through 2025.-- Except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station, subsection (a)(6) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11050. SUSPENSION OF DEDUCTION FOR MOVING EXPENSES. (a) In General.--Section 217 is amended by adding at the end the following new subsection: ``(k) Suspension of Deduction for Taxable Years 2018 Through 2025.--Except in the case of an individual to whom subsection (g) applies, this section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11051. LIMITATION ON WAGERING LOSSES. (a) In General.--Section 165(d) is amended by adding at the end the following: ``For purposes of the preceding sentence, in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, the term [[Page S7751]] `losses from wagering transactions' includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART VI--INCREASE IN ESTATE AND GIFT TAX EXEMPTION SEC. 11061. INCREASE IN ESTATE AND GIFT TAX EXEMPTION. (a) In General.--Section 2010(c)(3) is amended by adding at the end the following new subparagraph: ``(C) Increase in basic exclusion amount.--In the case of estates of decedents dying or gifts made after December 31, 2017, and before January 1, 2026, subparagraph (A) shall be applied by substituting `$10,000,000' for `$5,000,000'.''. (b) Conforming Amendment.--Subsection (g) of section 2001 is amended to read as follows: ``(g) Modifications to Tax Payable.-- ``(1) Modifications to gift tax payable to reflect different tax rates.--For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute-- ``(A) the tax imposed by chapter 12 with respect to such gifts, and ``(B) the credit allowed against such tax under section 2505, including in computing-- ``(i) the applicable credit amount under section 2505(a)(1), and ``(ii) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2). ``(2) Modifications to estate tax payable to reflect different basic exclusion amounts.--The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section with respect to any difference between-- ``(A) the basic exclusion amount under section 2010(c)(3) applicable at the time of the decedent's death, and ``(B) the basic exclusion amount under such section applicable with respect to any gifts made by the decedent.''. (c) Effective Date.--The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2017. PART VII--TAXPAYER RIGHTS AND TAX ADMINISTRATION SEC. 11071. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY. (a) Extension of Time for Return of Property Subject to Levy.--Subsection (b) of section 6343 is amended by striking ``9 months'' and inserting ``2 years''. (b) Period of Limitation on Suits.--Subsection (c) of section 6532 is amended-- (1) by striking ``9 months'' in paragraph (1) and inserting ``2 years'', and (2) by striking ``9-month'' in paragraph (2) and inserting ``2-year''. (c) Effective Date.--The amendments made by this section shall apply to-- (1) levies made after the date of the enactment of this Act, and (2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date. SEC. 11072. INDIVIDUALS HELD HARMLESS ON IMPROPER LEVY ON RETIREMENT ***PLANS***. (a) In General.--Section 6343 is amended by adding at the end the following new subsection: ``(f) Individuals Held Harmless on Wrongful Levy, etc. on Retirement ***Plan***.-- ``(1) In general.--If the Secretary determines that an individual's account or benefit under an eligible retirement ***plan*** (as defined in section 402(c)(8)(B)) has been levied upon in a case to which subsection (b) or (d)(2)(A) applies and property or an amount of money is returned to the individual-- ``(A) the individual may contribute such property or an amount equal to the sum of-- ``(i) the amount of money so returned by the Secretary, and ``(ii) interest paid under subsection (c) on such amount of money, into such eligible retirement ***plan*** if such contribution is permitted by the ***plan***, or into an individual retirement ***plan*** (other than an endowment contract) to which a rollover contribution of a distribution from such eligible retirement ***plan*** is permitted, but only if such contribution is made not later than the due date (not including extensions) for filing the return of tax for the taxable year in which such property or amount of money is returned, and ``(B) the Secretary shall, at the time such property or amount of money is returned, notify such individual that a contribution described in subparagraph (A) may be made. ``(2) Treatment as rollover.--The distribution on account of the levy and any contribution under paragraph (1) with respect to the return of such distribution shall be treated for purposes of this title as if such distribution and contribution were described in section 402(c), 402A(c)(3), 403(a)(4), 403(b)(8), 408(d)(3), 408A(d)(3), or 457(e)(16), whichever is applicable; except that-- ``(A) the contribution shall be treated as having been made for the taxable year in which the distribution on account of the levy occurred, and the interest paid under subsection (c) shall be treated as earnings within the ***plan*** after the contribution and shall not be included in gross income, and ``(B) such contribution shall not be taken into account under section 408(d)(3)(B). ``(3) Refund, etc., of income tax on levy.-- ``(A) In general.--If any amount is includible in gross income for a taxable year by reason of a distribution on account of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover contribution under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year. ``(B) Exception.--Subparagraph (A) shall not apply to a rollover contribution under this subsection which is made from an eligible retirement ***plan*** which is not a Roth IRA or a designated Roth account (within the meaning of section 402A) to a Roth IRA or a designated Roth account under an eligible retirement ***plan***. ``(4) Interest.--Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement ***plan***. ``(5) Treatment of inherited accounts.--For purposes of paragraph (1)(A), section 408(d)(3)(C) shall be disregarded in determining whether an individual retirement ***plan*** is a ***plan*** to which a rollover contribution of a distribution from the ***plan*** levied upon is permitted.''. (b) Effective Date.--The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 in taxable years beginning after December 31, 2017. SEC. 11073. MODIFICATION OF USER FEE REQUIREMENTS FOR INSTALLMENT AGREEMENTS. (a) In General.--Section 6159 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection: ``(f) Installment Agreement Fees.-- ``(1) Limitation on fee amount.--The amount of any fee imposed on an installment agreement under this section may not exceed the amount of such fee as in effect on the date of the enactment of this subsection. ``(2) Waiver or reimbursement.--In the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary)-- ``(A) if the taxpayer has agreed to make payments under the installment agreement by electronic payment through a debit instrument, no fee shall be imposed on an installment agreement under this section, and ``(B) if the taxpayer is unable to make payments under the installment agreement by electronic payment through a debit instrument, the Secretary shall, upon completion of the installment agreement, pay the taxpayer an amount equal to any such fees imposed.''. (b) Effective Date.--The amendments made by this section shall apply to agreements entered into on or after the date which is 60 days after the date of the enactment of this Act. SEC. 11074. FORM 1040SR FOR SENIORS. (a) In General.--The Secretary of the Treasury (or the Secretary's delegate) shall make available a form, to be known as ``Form 1040SR'', for use by individuals to file the return of tax imposed by chapter 1 of the Internal Revenue Code of 1986. Such form shall be as similar as practicable to Form 1040EZ, except that-- (1) the form shall be available only to individuals who have attained age 65 as of the close of the taxable year, (2) the form may be used even if income for the taxable year includes-- (A) social security benefits (as defined in section 86(d) of the Internal Revenue Code of 1986), (B) distributions from qualified retirement ***plans*** (as defined in section 4974(c) of such Code), annuities or other such deferred payment arrangements, (C) interest and dividends, or (D) capital gains and losses taken into account in determining adjusted net capital gain (as defined in section 1(h)(3) of such Code), and (3) the form shall be available without regard to the amount of any item of taxable income or the total amount of taxable income for the taxable year. (b) Effective Date.--The form required by subsection (a) shall be made available for taxable years beginning after the date of the enactment of this Act and ending before January 1, 2026. SEC. 11075. SENSE OF THE SENATE ON IMPROVING CUSTOMER SERVICE AND PROTECTIONS FOR TAXPAYERS BY REINSTATING APPROPRIATE FUNDING LEVELS. It is the sense of the Senate that politically motivated budget cuts-- (1) are counterproductive to deficit reduction, (2) diminish the ability of the Internal Revenue Service to adequately serve taxpayers and protect taxpayer information, and (3) reduce the ability of the Internal Revenue Service to enforce the law. [[Page S7752]] SEC. 11076. RETURN PREPARATION ***PROGRAMS*** FOR LOW-INCOME TAXPAYERS. (a) In General.--Chapter 77 is amended by inserting after section 7526 the following new section: ``SEC. 7526A. RETURN PREPARATION ***PROGRAMS*** FOR LOW-INCOME TAXPAYERS. ``(a) Volunteer Income Tax Assistance Matching Grant ***Program***.-- ``(1) Establishment of ***program***.--The Secretary, through the Internal Revenue Service, shall establish a Community Volunteer Income Tax Assistance Matching Grant ***Program*** (hereinafter in this section referred to as the `VITA grant ***program***'). Except as otherwise provided in this section, the VITA grant ***program*** shall be administered in a manner which is substantially similar to the Community Volunteer Income Tax Assistance matching grants demonstration ***program*** established under title I of division D of the Consolidated Appropriations Act, 2008. ``(2) Matching grants.-- ``(A) In general.--The Secretary shall, subject to the availability of appropriated funds, make available grants under the VITA grant ***program*** to provide matching funds for the development, expansion, or continuation of qualified return preparation ***programs*** assisting low-income taxpayers and members of underserved populations. ``(B) Application.-- ``(i) In general.--Subject to clause (ii), in order to be eligible for a grant under this section, a qualified return preparation ***program*** shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary reasonably requires. ``(ii) Accuracy review.--In the case of any qualified return preparation ***program*** which was awarded a grant under this section and was subsequently subject to a field site visit by the Internal Revenue Service (including through the Stakeholder Partnerships, Education, and Communication office) in which it was determined that the average accuracy rate for preparation of tax returns through such ***program*** was less than 90 percent, such ***program*** shall not be eligible for any additional grants under this section unless such ***program*** provides, as part of their application, sufficient documentation regarding the corrective measures established by such ***program*** to address the deficiencies identified following the field site visit. ``(C) Priority.--In awarding grants under this section, the Secretary shall give priority to applications-- ``(i) demonstrating assistance to low-income taxpayers, with emphasis on outreach to and services for such taxpayers, ``(ii) demonstrating taxpayer outreach and educational activities relating to eligibility and availability of income supports available through the Internal Revenue Code of 1986, such as the earned income tax credit, and ``(iii) demonstrating specific outreach and focus on one or more underserved populations. ``(D) Duration of grants.--Upon application of a qualified return preparation ***program***, the Secretary is authorized to award a multi-year grant not to exceed 3 years. ``(3) Aggregate limitation.--Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $30,000,000 per fiscal year (exclusive of costs of administering the ***program***) to carry out the purposes of this section. ``(b) Use of Funds.-- ``(1) In general.--Qualified return preparation ***programs*** receiving a grant under this section may use the grant for-- ``(A) ordinary and necessary costs associated with ***program*** operation in accordance with Cost Principles Circulars as set forth by the Office of Management and Budget, including-- ``(i) for wages or salaries of persons coordinating the activities of the ***program***, ``(ii) to develop training materials, conduct training, and perform quality reviews of the returns for which assistance has been provided under the ***program***, and ``(iii) for equipment purchases and vehicle-related expenses associated with remote or rural tax preparation services, ``(B) outreach and educational activities described in subsection (a)(2)(C)(ii), and ``(C) services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation. ``(2) Use of grants for overhead expenses prohibited.--No grant made under this section may be used for overhead expenses that are not directly related to any qualified return preparation ***program***. ``(c) Promotion and Referral.-- ``(1) Promotion.--The Secretary shall promote the benefits of, and encourage the use of, tax preparation through qualified return preparation ***programs*** through the use of mass communications, referrals, and other means. ``(2) Internal revenue service referrals.--The Secretary shall refer taxpayers to qualified return preparation ***programs*** receiving funding under this section. ``(3) VITA grantee referral.--Qualified return preparation ***programs*** receiving a grant under this section are encouraged to refer, as appropriate, to local or regional Low Income Taxpayer Clinics individuals who are eligible to receive services at such clinics. ``(d) Definitions.--For purposes of this section-- ``(1) Qualified return preparation ***program***.--The term `qualified return preparation ***program***' means any ***program***-- ``(A) which provides assistance to individuals, not less than 90 percent of whom are low-income taxpayers, in preparing and filing Federal income tax returns, ``(B) which is administered by a qualified entity, ``(C) in which all of the volunteers who assist in the preparation of Federal income tax returns meet the training requirements prescribed by the Secretary, and ``(D) which uses a quality review process which reviews 100 percent of all returns. ``(2) Qualified entity.-- ``(A) In general.--The term `qualified entity' means any entity which-- ``(i) is an eligible organization (as described in subparagraph (B)), ``(ii) is in compliance with Federal tax filing and payment requirements, ``(iii) is not debarred or suspended from Federal contracts, grants, or cooperative agreements, and ``(iv) agrees to provide documentation to substantiate any matching funds provided under the VITA grant ***program***. ``(B) Eligible organization.-- ``(i) In general.--Subject to clause (ii), the term `eligible organization' means-- ``(I) an institution of higher education which is described in section 102 (other than subsection (a)(1)(C) thereof) of the Higher Education Act of 1965 (20 U.S.C 1088), as in effect on the date of the enactment of this section, and which has not been disqualified from participating in a ***program*** under title IV of such Act, ``(II) an organization described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code, ``(III) a local government agency, including-- ``(aa) a county or municipal government agency, and ``(bb) an Indian tribe, as defined in section 4(13) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C 4103(13)), including any tribally designated housing entity (as defined in section 4(22) of such Act (25 U.S.C 4103(22))), tribal subsidiary, subdivision, or other wholly owned tribal entity, or ``(IV) a local, State, regional, or national coalition (with one lead organization which meets the eligibility requirements of subclause (I), (II), or (III) acting as the applicant organization). ``(ii) Alternative eligible organization.--If no eligible organization described in clause (i) is available to assist the targeted population or community, the term `eligible organization' shall include-- ``(I) a State government agency, and ``(II) a Cooperative Extension Service office. ``(3) Low-income taxpayers.--The term `low-income taxpayer' means a taxpayer who has income for the taxable year which does not exceed an amount equal to the completed phaseout amount under section 32(b) for a married couple filing a joint return with three or more qualifying children, as determined in a revenue procedure or other published guidance. ``(4) Underserved population.--The term `underserved population' includes populations of persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, members of the Armed Forces and their spouses, and the elderly.''. (b) Clerical Amendment.--The table of sections for chapter 77 is amended by inserting after the item relating to section 7526 the following new item: ``7526A. Return preparation ***programs*** for low-income taxpayers.''. SEC. 11077. FREE FILE ***PROGRAM***. (a) The Secretary of the Treasury, or the Secretary's delegate, shall continue to operate the IRS Free File ***Program*** as established by the Internal Revenue Service and published in the Federal Register on November 4, 2002 (67 Fed. Reg. 67247), including any subsequent agreements and governing rules established pursuant thereto. (b) The IRS Free File ***Program*** shall continue to provide free commercial-type online individual income tax preparation and electronic filing services to the lowest 70 percent of taxpayers by income. The number of taxpayers eligible to receive such services each year shall be calculated by the Internal Revenue Service annually based on prior year aggregate taxpayer adjusted gross income data. (c) In addition to the services described in subsection (b), and in the same manner, the IRS Free File ***Program*** shall continue to make available to all taxpayers (without regard to income) a basic, online electronic fillable forms utility. (d) The IRS Free File ***Program*** shall continue to work cooperatively with the private sector to provide the free individual income tax preparation and the electronic filing services described in subsections (b) and (c). (e) The IRS Free File ***Program*** shall work cooperatively with State government agencies to enhance and expand the use of the ***program*** to provide needed benefits to the taxpayer while reducing the cost of processing returns. (f) Nothing in this section is intended to impact the continuity of services provided under Taxpayer Assistance Centers, Tax Counseling for the Elderly, and Volunteer Income Tax Assistance ***programs***. [[Page S7753]] SEC. 11078. ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS. (a) In General.--Paragraph (21) of section 62(a) is amended to read as follows: ``(21) Attorneys' fees relating to awards to whistleblowers.-- ``(A) In general.--Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under-- ``(i) section 7623(b), or ``(ii) in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, any action brought under-- ``(I) section 21F of the Securities Exchange Act of 1934 (15 U.S.C 78u-6), ``(II) a State law relating to false or fraudulent claims that meets the requirements described in section 1909(b) of the Social Security Act (42 U.S.C 1396h(b)), or ``(III) section 23 of the Commodity Exchange Act (7 U.S.C 26). ``(B) May not exceed award.--Subparagraph (A) shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of such award.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11079. CLARIFICATION OF WHISTLEBLOWER AWARDS. (a) Definition of Proceeds.-- (1) In general.--Section 7623 is amended by adding at the end the following new subsection: ``(c) Proceeds.--For purposes of this section, the term `proceeds' includes-- ``(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and ``(2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including-- ``(A) criminal fines and civil forfeitures, and ``(B) violations of reporting requirements.''. (2) Conforming amendments.--Paragraphs (1) and (2)(A) of section 7623(b) are each amended by striking ``collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action'' and inserting ``proceeds collected as a result of the action''. (b) Amount of Proceeds Determined Without Regard to Availability.--Paragraphs (1) and (2)(A) of section 7623(b) are each amended by inserting ``(determined without regard to whether such proceeds are available to the Secretary)'' after ``in response to such action''. (c) Disputed Amount Threshold.--Section 7623(b)(5)(B) is amended by striking ``tax, penalties, interest, additions to tax, and additional amounts'' and inserting ``proceeds''. (d) Effective Date.--The amendments made by this section shall apply to information provided before, on, or after the date of the enactment of this Act with respect to which a final determination for an award has not been made before such date of enactment. PART VIII--INDIVIDUAL MANDATE SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL COVERAGE. (a) In General.--Section 5000A(c) is amended-- (1) in paragraph (2)(B)(iii), by striking ``2.5 percent'' and inserting ``Zero percent'', and (2) in paragraph (3)-- (A) by striking ``$695'' in subparagraph (A) and inserting ``$0'', and (B) by striking subparagraph (D). (b) Effective Date.--The amendment made by this section shall apply to months beginning after December 31, 2018. Subtitle B--Alternative Minimum Tax SEC. 12001. REPEAL OF TAX FOR CORPORATIONS. (a) In General.--Section 55(a) is amended by striking ``There'' and inserting ``In the case of a taxpayer other than a corporation, there''. (b) Conforming Amendments.-- (1) Section 38(c)(6) is amended by adding at the end the following new subparagraph: ``(E) Corporations.--In the case of a corporation, this subsection shall be applied by treating the corporation as having a tentative minimum tax of zero.''. (2)(A) Section 55(b)(1) is amended to read as follows: ``(1) Amount of tentative tax.-- ``(A) In general.--The tentative minimum tax for the taxable year is the sum of-- ``(i) 26 percent of so much of the taxable excess as does not exceed $175,000, plus ``(ii) 28 percent of so much of the taxable excess as exceeds $175,000. The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year. ``(B) Taxable excess.--For purposes of this subsection, the term `taxable excess' means so much of the alternative minimum taxable income for the taxable year as exceeds the exemption amount. ``(C) Married individual filing separate return.--In the case of a married individual filing a separate return, subparagraph (A) shall be applied by substituting 50 percent of the dollar amount otherwise applicable under clause (i) and cause (ii) thereof. For purposes of the preceding sentence, marital status shall be determined under section 7703.''. (B) Section 59(a) is amended-- (i) by striking ``subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies) in lieu of the highest rate of tax specified in section 1 or 11 (whichever applies)'' in paragraph (1)(C) and inserting ``section 55(b)(1) in lieu of the highest rate of tax specified in section 1'', and (ii) in paragraph (2), by striking ``means'' and all that follows and inserting ``means the amount determined under the first sentence of section 55(b)(1).''. (C) Section 897(a)(2)(A) is amended by striking ``section 55(b)(1)(A)'' and inserting ``section 55(b)(1)''. (D) Section 911(f) is amended-- (i) in paragraph (1)(B)-- (I) by striking ``section 55(b)(1)(A)(ii)'' and inserting ``section 55(b)(1)(B)'', and (II) by striking ``section 55(b)(1)(A)(i)'' and inserting ``section 55(b)(1)(A)'', and (ii) in paragraph (2)(B), by striking ``section 55(b)(1)(A)(ii)'' each place it appears and inserting ``section 55(b)(1)(B)''. (3) Section 55(c)(1) is amended by striking ``, the section 936 credit allowable under section 27(b), and the Puerto Rico economic activity credit under section 30A''. (4) Section 55(d) is amended-- (A) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, (B) in paragraph (2) (as so redesignated), by inserting ``and'' at the end of subparagraph (B), by striking ``, and'' at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D), and (C) in paragraph (3) (as so redesignated)-- (i) by striking ``(b)(1)(A)(i)'' in subparagraph (B)(i) and inserting ``(b)(1)(A)'', and (ii) by striking ``paragraph (3)'' in subparagraph (B)(iii) and inserting ``paragraph (2)''. (5) Section 55 is amended by striking subsection (e). (6)(A) Section 56 is amended by striking subsections (c) and (g). (B) Section 847 is amended by striking the last sentence of paragraph (9). (C) Section 848 is amended by striking subsection (i). (7) Section 58(a) is amended by striking paragraph (3) and redesignating paragraph (4) as paragraph (3). (8) Section 59 is amended by striking subsections (b) and (f). (9) Section 11(d) is amended by striking ``the taxes imposed by subsection (a) and section 55'' and inserting ``the tax imposed by subsection (a)''. (10) Section 12 is amended by striking paragraph (7). (11) Section 168(k) is amended by striking paragraph (4). (12) Section 882(a)(1) is amended by striking ``, 55,''. (13) Section 962(a)(1) is amended by striking ``sections 11 and 55'' and inserting ``section 11''. (14) Section 1561(a) is amended-- (A) by inserting ``and'' at the end of paragraph (1), by striking ``, and'' at the end of paragraph (2) and inserting a period, and by striking paragraph (3), and (B) by striking the last sentence. (15) Section 6425(c)(1)(A) is amended to read as follows: ``(A) the tax imposed by section 11 or 1201(a), or subchapter L of chapter 1, whichever is applicable, over''. (16) Section 6655(e)(2) is amended by striking ``and alternative minimum taxable income'' each place it appears in subparagraphs (A) and (B)(i). (17) Section 6655(g)(1)(A) is amended by inserting ``plus'' at the end of clause (i), by striking clause (ii), and by redesignating clause (iii) as clause (ii). (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 12002. SUSPENSION OF TAX ON INDIVIDUALS. (a) In General.--Section 55(a) is amended by adding at the end the following new flush sentence: ``No tax shall be imposed by this section for any taxable year beginning after December 31, 2017, and before January 1, 2026, and the tentative minimum tax of any taxpayer for any such taxable year shall be zero for purposes of this title.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 12003. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY. (a) Credits Treated as Refundable.--Section 53 is amended by adding at the end the following new subsection: ``(e) Portion of Credit Treated as Refundable.-- ``(1) In general.--In the case of any taxable year beginning in 2018, 2019, 2020, or 2021, the limitation under subsection (c) shall be increased by the AMT refundable credit amount for such year. ``(2) AMT refundable credit amount.--For purposes of paragraph (1), the AMT refundable credit amount is an amount equal to 50 percent (100 percent in the case of a taxable year beginning in 2021) of the excess (if any) of-- ``(A) the minimum tax credit determined under subsection (b) for the taxable year, over ``(B) the minimum tax credit allowed under subsection (a) for such year (before the application of this subsection for such year). ``(3) Credit refundable.--For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be [[Page S7754]] treated as a credit allowed under subpart C (and not this subpart). ``(4) Short taxable years.--In the case of any taxable year of less than 365 days, the AMT refundable credit amount determined under paragraph (2) with respect to such taxable year shall be the amount which bears the same ratio to such amount determined without regard to this paragraph as the number of days in such taxable year bears to 365.''. (b) Treatment of References.--Section 53(d) is amended by adding at the end the following new paragraph: ``(3) AMT term references.--In the case of a corporation, any references in this subsection to section 55, 56, or 57 shall be treated as a reference to such section as in effect before the amendments made by Tax Cuts and Jobs Act.''. (c) Conforming Amendment.--Section 1374(b)(3)(B) is amended by striking the last sentence thereof. (d) Effective Date.-- (1) In general.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. (2) Conforming amendment.--The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2021. Subtitle C--Business-related Provisions PART I--CORPORATE PROVISIONS Subpart A--20.94-percent Tax Rate SEC. 13001. 20.94-PERCENT CORPORATE TAX RATE. (a) In General.--Subsection (b) of section 11 is amended to read as follows: ``(b) Amount of Tax.--The amount of the tax imposed by subsection (a) shall be 20.94 percent of taxable income.''. (b) Conforming Amendments.-- (1) The following sections are each amended by striking ``section 11(b)(1)'' and inserting ``section 11(b)'': (A) Section 280C(c)(3)(B)(ii)(II). (B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e). (C) Section 7874(e)(1)(B) (2)(A) Part I of subchapter P of chapter 1 is amended by striking section 1201 (and by striking the item relating to such section in the table of sections for such part). (B) Section 12 is amended by striking paragraphs (4) and (6), and by redesignating paragraph (5) as paragraph (4). (C) Section 453A(c)(3) is amended by striking ``or 1201 (whichever is appropriate)''. (D) Section 527(b) is amended-- (i) by striking paragraph (2), and (ii) by striking all that precedes ``is hereby imposed'' and inserting: ``(b) Tax Imposed.--A tax''. (E) Sections 594(a) is amended by striking ``taxes imposed by section 11 or 1201(a)'' and inserting ``tax imposed by section 11''. (F) Section 691(c)(4) is amended by striking ``1201,''. (G) Section 801(a) is amended-- (i) by striking paragraph (2), and (ii) by striking all that precedes ``is hereby imposed'' and inserting: ``(a) Tax Imposed.--A tax''. (H) Section 831(e) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively. (I) Sections 832(c)(5) and 834(b)(1)(D) are each amended by striking ``sec. 1201 and following,''. (J) Section 852(b)(3)(A) is amended by striking ``section 1201(a)'' and inserting ``section 11(b)''. (K) Section 857(b)(3) is amended-- (i) by striking subparagraph (A) and redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively, (ii) in subparagraph (C), as so redesignated-- (I) by striking ``subparagraph (A)(ii)'' in clause (i) thereof and inserting ``paragraph (1)'', (II) by striking ``the tax imposed by subparagraph (A)(ii)'' in clauses (ii) and (iv) thereof and inserting ``the tax imposed by paragraph (1) on undistributed capital gain'', (iii) in subparagraph (E), as so redesignated, by striking ``subparagraph (B) or (D)'' and inserting ``subparagraph (A) or (C)'', and (iv) by adding at the end the following new subparagraph: ``(F) Undistributed capital gain.--For purposes of this paragraph, the term `undistributed capital gain' means the excess of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only.''. (L) Section 882(a)(1), as amended by section 12001, is amended by striking ``or 1201(a)''. (M) Section 904(b) is amended-- (i) by striking ``or 1201(a)'' in paragraph (2)(C), (ii) by striking paragraph (3)(D) and inserting the following: ``(D) Capital gain rate differential.--There is a capital gain rate differential for any year if subsection (h) of section 1 applies to such taxable year.'', and (iii) by striking paragraph (3)(E) and inserting the following: ``(E) Rate differential portion.--The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as-- ``(i) the excess of-- ``(I) the highest rate of tax set forth in subsection (a), (b), (c), (d), or (e) of section 1 (whichever applies), over ``(II) the alternative rate of tax determined under section 1(h), bears to ``(ii) that rate referred to in subclause (I).''. (N) Section 1374(b) is amended by striking paragraph (4). (O) Section 1381(b) is amended by striking ``taxes imposed by section 11 or 1201'' and inserting ``tax imposed by section 11''. (P) Sections 6425(c)(1)(A), as amended by section 12001, and 6655(g)(1)(A)(i) are each amended by striking ``or 1201(a),''. (Q) Section 7518(g)(6)(A) is amended by striking ``or 1201(a)''. (3)(A) Section 1445(e)(1) is amended-- (i) by striking ``35 percent'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b)'', and (ii) by striking ``of the gain'' and inserting ``multiplied by the gain''. (B) Section 1445(e)(2) is amended by striking ``35 percent of the amount'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b) multiplied by the amount''. (C) Section 1445(e)(6) is amended-- (i) by striking ``35 percent'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b)'', and (ii) by striking ``of the amount'' and inserting ``multiplied by the amount''. (D) Section 1446(b)(2)(B) is amended by striking ``section 11(b)(1)'' and inserting ``section 11(b)''. (4) Section 852(b)(1) is amended by striking the last sentence. (5)(A) Part I of subchapter B of chapter 5 is amended by striking section 1551 (and by striking the item relating to such section in the table of sections for such part). (B) Section 535(c)(5) is amended to read as follows: ``(5) Cross reference.--For limitation on credit provided in paragraph (2) or (3) in the case of certain controlled corporations, see section 1561.''. (6)(A) Section 1561, as amended by section 12001, is amended to read as follows: ``SEC. 1561. LIMITATION ON ACCUMULATED EARNINGS CREDIT IN THE CASE OF CERTAIN CONTROLLED CORPORATIONS. ``(a) In General.--The component members of a controlled group of corporations on a December 31 shall, for their taxable years which include such December 31, be limited for purposes of this subtitle to one $250,000 ($150,000 if any component member is a corporation described in section 535(c)(2)(B)) amount for purposes of computing the accumulated earnings credit under section 535(c)(2) and (3). Such amount shall be divided equally among the component members of such group on such December 31 unless the Secretary prescribes regulations permitting an unequal allocation of such amount. ``(b) Certain Short Taxable Years.--If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle, the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a) with respect to such group, divided by the number of corporations which are component members of such group on the last day of such taxable year. For purposes of the preceding sentence, section 1563(b) shall be applied as if such last day were substituted for December 31.''. (B) The table of sections for part II of subchapter B of chapter 5 is amended by striking the item relating to section 1561 and inserting the following new item: ``Sec. 1561. Limitation on accumulated earnings credit in the case of certain controlled corporations.''. (7) Section 7518(g)(6)(A) is amended-- (A) by striking ``With respect to the portion'' and inserting ``In the case of a taxpayer other than a corporation, with respect to the portion'', and (B) by striking ``(34 percent in the case of a corporation)''. (c) Effective Date.-- (1) In general.--Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2018. (2) Withholding.--The amendments made by subsection (b)(3) shall apply to distributions made after December 31, 2018. (3) Certain transfers.--The amendments made by subsection (b)(6) shall apply to transfers made after December 31, 2018. (d) Normalization Requirements.-- (1) In general.--A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 of the Internal Revenue Code of 1986 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method. (2) Alternative method for certain taxpayers.--If, as of the first day of the taxable year that includes the date of enactment of this Act-- (A) the taxpayer was required by a regulatory agency to compute depreciation for public utility property on the basis of an average life or composite rate method, and [[Page S7755]] (B) the taxpayer's books and underlying records did not contain the vintage account data necessary to apply the average rate assumption method, the taxpayer will be treated as using a normalization method of accounting if, with respect to such jurisdiction, the taxpayer uses the alternative method for public utility property that is subject to the regulatory authority of that jurisdiction. (3) Definitions.--For purposes of this subsection-- (A) Excess tax reserve.--The term ``excess tax reserve'' means the excess of-- (i) the reserve for deferred taxes (as described in section 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) as determined under the Internal Revenue Code of 1986 as in effect on the day before the date of the enactment of this Act, over (ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods. (B) Average rate assumption method.--The average rate assumption method is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, if timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying-- (i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by (ii) the amount of the timing differences which reverse during such period. (C) Alternative method.--The ``alternative method'' is the method in which the taxpayer-- (i) computes the excess tax reserve on all public utility property included in the plant account on the basis of the weighted average life or composite rate used to compute depreciation for regulatory purposes, and (ii) reduces the excess tax reserve ratably over the remaining regulatory life of the property. (4) Tax increased for normalization violation.--If, for any taxable year ending after the date of the enactment of this Act, the taxpayer does not use a normalization method of accounting, the taxpayer's tax for the taxable year shall be increased by the amount by which it reduces its excess tax reserve more rapidly than permitted under a normalization method of accounting. \_\_\_\_\_\_ SA 1844. Mr. LANKFORD submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: At the appropriate place, insert the following: SEC. \_\_. NO TAX EXEMPT BONDS FOR PROFESSIONAL STADIUMS. (a) In General.--Section 103(b), as amended by this Act, is further amended by adding at the end the following new paragraph: ``(4) Professional stadium bond.--Any professional stadium bond.''. (b) Professional Stadium Bond Defined.--Subsection (c) of section 103 is amended by adding at the end the following new paragraph: ``(3) Professional stadium bond.--The term `professional stadium bond' means any bond issued as part of an issue any proceeds of which are used to finance or refinance capital expenditures allocable to a facility (or appurtenant real property) which, during at least 5 days during any calendar year, is used as a stadium or arena for professional sports exhibitions, games, or training.''. (c) Effective Date.--The amendments made by this section shall apply to bonds issued after November 2, 2017. \_\_\_\_\_\_ SA 1845. Mr. INHOFE (for himself and Mr. Lankford) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 34, line 23, insert ``In the case of any taxable year beginning after December 31, 2017, and before January 1, 2019, the preceding sentence shall not apply to any trust.'' after ``estate.''. \_\_\_\_\_\_ SA 1846. Mr. KAINE (for himself, Mr. Manchin, Mrs. McCaskill, and Mr. Bennet) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 95, strike line 7 and all that follows through page 97, line 14 and insert the following: Subtitle B--Permanent Individual Income Tax Relief for Middle Class SEC. 12001. AMENDMENT OF INCOME TAX BRACKETS. (a) Married Individuals Filing Joint Returns and Surviving Spouses.--The table contained in subsection (a) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $19,050.......................... 10% of taxable income. Over $19,050 but not over $77,400......... $1,905, plus 12% of the excess over $19,050. Over $77,400 but not over $140,000........ $8,907, plus 22% of the excess over $77,400. Over $140,000 but not over $320,000....... $22,679, plus 24% of the excess over $140,000. Over $320,000 but not over $400,000....... $65,879, plus 32% of the excess over $320,000. Over $400,000 but not over $480,050....... $91,479, plus 35% of the excess over $400,000. Over $480,050............................. $119,496.50, plus 39.6% of the excess over $480,050. (b) Heads of Households.--The table contained in subsection (b) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $13,600.......................... 10% of taxable income. Over $13,600 but not over $51,800......... $1,360, plus 12% of the excess over $13,600. Over $51,800 but not over $70,000......... $5,944, plus 22% of the excess over $51,800. Over $70,000 but not over $160,000........ $9,948, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $31,548, plus 32% of the excess over $160,000. Over $200,000 but not over $453,350....... $44,348, plus 35% of the excess over $200,000. Over $453,350............................. $133,020.50, plus 39.6% of the excess over $453,350. (c) Unmarried Individuals Other Than Surviving Spouses and Heads of Households.--The table contained in subsection (c) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $426,700....... $45,739.50, plus 35% of the excess over $200,000. Over $426,700............................. $125,084.50, plus 39.6% of the excess over $426,700. (d) Married Individuals Filing Separate Returns.--The table contained in subsection (d) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $240,026....... $45,739.50, plus 35% of the excess over $200,000. Over $240,026............................. $59,748.60, plus 39.6% of the excess over $240,026. (e) Estates and Trusts.--The table contained in subsection (e) of section 1 is amended to read as follows: If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $2,550........................... 10% of taxable income. Over $2,550 but not over $9,150........... $255, plus 24% of the excess over $2,550. Over $9,150 but not over $12,700.......... $1,839, plus 35% of the excess over $9,150. Over $12,700.............................. $3,081.50, plus 39.6% of the excess over $12,700. (f) Inflation Adjustment.--Section 1(f)(2)(A), as amended by this Act, is amended by striking ``1992'' and inserting ``2017''. (g) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2025. SEC. 12002. CORPORATE TAX RATE. (a) In General.--Section 11(b), as amended by this Act, is amended by striking ``20 percent'' and inserting ``25 percent''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2018. \_\_\_\_\_\_ SA 1847. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: In section 20001(b)(2), strike subparagraph (B). \_\_\_\_\_\_ SA 1848. Ms. CANTWELL submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself [[Page S7756]] and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike title II and insert the following: TITLE II SEC. 20001. ***STRATEGIC*** PETROLEUM RESERVE DRAWDOWN AND SALE. (a) Drawdown and Sale.-- (1) In general.--Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C 6241), except as provided in subsection (b), the Secretary of Energy shall draw down and sell from the ***Strategic*** Petroleum Reserve 25,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027. (2) Disposition of amounts received from sale.--The Secretary of the Treasury shall, in the year in which the sale occurs, deposit the amounts received from a sale under paragraph (1) in the general fund of the Treasury. (b) Limitation.--The Secretary of Energy shall not drawdown or conduct sales of crude oil under subsection (a) after the date on which a total of $1,000,000,000 has been deposited in the general fund of the Treasury from sales authorized under that subsection. \_\_\_\_\_\_ SA 1849. Mr. BENNET submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike title II and insert the following: TITLE II SEC. 20001. LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES. Section 105(f)(1) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C 1331 note; Public Law 109-432) is amended by striking ``exceed $500,000,000 for each of fiscal years 2016 through 2055.'' and inserting the following: ``exceed-- ``(A) $500,000,000 for each of fiscal years 2016 through 2019; ``(B) $650,000,000 for each of fiscal years 2020 and 2021; and ``(C) $500,000,000 for each of fiscal years 2022 through 2055.''. SEC. 20002. ***STRATEGIC*** PETROLEUM RESERVE DRAWDOWN AND SALE. (a) Drawdown and Sale.-- (1) In general.--Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C 6241), except as provided in subsections (b) and (c), the Secretary of Energy shall draw down and sell from the ***Strategic*** Petroleum Reserve 25,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027. (2) Deposit of amounts received from sale.--Amounts received from a sale under paragraph (1) shall be deposited in the general fund of the Treasury during the fiscal year in which the sale occurs. (b) Emergency Protection.--The Secretary of Energy shall not draw down and sell crude oil under subsection (a) in a quantity that would limit the authority to sell petroleum products under subsection (h) of section 161 of the Energy Policy and Conservation Act (42 U.S.C 6241) in the full quantity authorized by that subsection. (c) Limitation.--The Secretary of Energy shall not drawdown or conduct sales of crude oil under subsection (a) after the date on which a total of $1,325,000,000 has been deposited in the general fund of the Treasury from sales authorized under that subsection. SEC. 20003. AUTHORIZED USES OF ENERGY SECURITY AND INFRASTRUCTURE MODERNIZATION FUND. (a) Purpose.--The purpose of this section is to amend the Bipartisan Budget Act of 2015 (Public Law 114-74; 129 Stat. 584)-- (1) to increase national security; and (2) to increase the ability of the United States to respond to disasters. (b) Use of Fund.--Section 404(d)(2)(B) of the Bipartisan Budget Act of 2015 (42 U.S.C 6239 note; Public Law 114-74) is amended-- (1) in clause (ii), by striking ``and''; (2) in clause (iii), by striking the period at the end and inserting ``; and''; and (3) by adding at the end the following: ``(iv) the conduct of activities to modernize ***Strategic*** Petroleum Reserve facilities, including each of the ***Strategic*** Petroleum Reserve storage sites in the States of Louisiana and Texas.''. \_\_\_\_\_\_ SA 1850. Mr. McCONNELL (for Mr. Rubio (for himself, Mr. Lee, Mr. Sasse, and Mr. Kennedy)) proposed an amendment to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; as follows: Beginning on page 46, strike line 5 and all that follows through page 48, line 21, and insert the following: ``(h) Special Rules for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7). ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be-- ``(A) in the case of a joint return, $500,000, and ``(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000. ``(4) Definition of qualifying child.--Paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(5) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(6) Portion of credit refundable.--In lieu of subsection (d), the following provisions shall apply for purposes of the credit allowable under this section: ``(A) In general.--The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of-- ``(i) the credit which would be allowed under this section without regard to this paragraph and the limitation under section 26(a), or ``(ii) the amount by which the aggregate amount of credits allowed by this subpart (determined without regard to this paragraph) would increase if the limitation imposed by section 26(a) were increased by an amount equal to the sum of the taxpayer's payroll taxes for the taxable year. ``(B) Payroll taxes.-- ``(i) In general.--For purposes of subparagraph (A), the term `payroll taxes' means, with respect to any taxpayer for any taxable year, the amount of the taxes imposed by-- ``(I) section 1401 on the self-employment income of the taxpayer for the taxable year, ``(II) section 3101 on wages received by the taxpayer during the calendar year in which the taxable year begins, ``(III) section 3111 on wages paid by an employer with respect to employment of the taxpayer during the calendar year in which the taxable year begins, ``(IV) sections 3201(a) and 3211(a) on compensation received by the taxpayer during the calendar year in which the taxable year begins, and ``(V) section 3221(a) on compensation paid by an employer with respect to services rendered by the taxpayer during the calendar year in which the taxable year begins. ``(ii) Coordination with special refund of payroll taxes.-- The term `payroll taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c). ``(iii) Special rule.--Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subclause (II) or (III) of clause (i) shall be treated as taxes referred to in such clause. ``(C) Exception for taxpayers excluding foreign earned income.--Subparagraph (A) shall not apply to any taxpayer for any taxable year if such taxpayer elects to exclude any amount from gross income under section 911 for such taxable year. ``(7) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''. (b) Increase in Corporate Tax Rate.--Subsection (b) of section 11, as amended by section 13001 of this Act, is amended by striking ``20 percent'' and inserting ``20.94 percent''. (c) Effective Date.--The amendments made by \_\_\_\_\_\_ SA 1851. Mr. RUBIO (for himself, Mr. Lee, Mr. Sasse, and Mr. Kennedy) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 46, strike line 5 and all that follows through page 48, line 21, and insert the following: ``(h) Special Rules for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (7). [[Page S7757]] ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be-- ``(A) in the case of a joint return, $500,000, and ``(B) in the case of an individual who is not married or a married individual filing a separate return, $250,000. ``(4) Definition of qualifying child.--Paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(5) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(6) Portion of credit refundable.--Subsection (d)(1)(B)(i) shall be applied by substituting-- ``(A) `15.3 percent' for `15 percent', and ``(B) `$0' for `$3,000'. ``(7) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''. (b) Increase in Corporate Tax Rate.--Subsection (b) of section 11, as amended by section 13001 of this Act, is amended by striking ``20 percent'' and inserting ``20.94 percent''. (c) Effective Date.--The amendments made by \_\_\_\_\_\_ SA 1852. Mr. CORNYN (for Mr. Cruz (for himself, Mr. Cotton, Mr. Kennedy, and Mr. Sasse)) proposed an amendment to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; as follows: At the end of part IV of subtitle A of title I, insert the following: SEC. 11033. 529 ACCOUNT FUNDING FOR ELEMENTARY AND SECONDARY EDUCATION. (a) In General.-- (1) In general.--Section 529(c) is amended by adding at the end the following new paragraph: ``(7) Treatment of elementary and secondary tuition.--Any reference in this subsection to the term `qualified higher education expense' shall include a reference to-- ``(A) expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school, and ``(B) expenses for-- ``(i) curriculum and curricular materials, ``(ii) books or other instructional materials, ``(iii) online educational materials, ``(iv) tuition for tutoring or educational classes outside of the home (but only if the tutor or instructor is not related to the student), ``(v) dual enrollment in an institution of higher education, and ``(vi) educational therapies for students with disabilities, in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).''. (2) Limitation.--Section 529(e)(3)(A) is amended by adding at the end the following: ``The amount of cash distributions from all qualified tuition ***programs*** described in subsection (b)(1)(A)(ii) with respect to a beneficiary during any taxable year shall, in the aggregate, include not more than $10,000 in expenses described in subsection (c)(7) incurred during the taxable year.''. (b) Effective Date.--The amendments made by subsection (a) shall apply to contributions made after December 31, 2017. (c) Offset.-- (1) Modification of rules relating to hardship withdrawals from cash or deferred arrangements.--Section 401(k) is amended by adding at the end the following: ``(14) Special rules relating to hardship withdrawals.--For purposes of paragraph (2)(B)(i)(IV)-- ``(A) Amounts which may be withdrawn.--The following amounts may be distributed upon hardship of the employee: ``(i) Contributions to a profit-sharing or stock bonus ***plan*** to which section 402(e)(3) applies. ``(ii) Qualified nonelective contributions (as defined in subsection (m)(4)(C)). ``(iii) Qualified matching contributions described in paragraph (3)(D)(ii)(I). ``(iv) Earnings on any contributions described in clause (i), (ii), or (iii). ``(B) No requirement to take available loan.--A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the ***plan***.'.''. (2) Conforming amendment.--Section 401(k)(2)(B)(i)(IV) is amended to read as follows: ``(IV) subject to the provisions of paragraph (14), upon hardship of the employee, or'.''. (3) Effective date.--The amendments made by this subsection shall apply to ***plan*** years beginning after December 31, 2017. \_\_\_\_\_\_ SA 1853. Mr. INHOFE (for himself and Mr. Lankford) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 35, line 9, insert ``In the case of any taxable year beginning after December 31, 2017, and before January 1, 2019, the preceding sentence shall not apply to any trust.'' after ``estate.''. \_\_\_\_\_\_ SA 1854. Mr. BROWN (for himself, Mr. Bennet, Mr. Durbin, Mr. Casey, Mr. Wyden, Mrs. Murray, and Mr. Menendez) submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Strike section 11022 and insert the following: SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT. (a) In General.--Section 24 is amended-- (1) by striking subsections (a) and (b) and inserting the following: ``(a) Allowance of Credit.--There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of-- ``(1) with respect to each qualifying child of the taxpayer who has attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,000, and ``(2) with respect to each qualifying child of the taxpayer who has not attained 6 years of age before the close of such taxable year and for which the taxpayer is allowed a deduction under section 151, an amount equal to $2,500. ``(b) Limitation.-- ``(1) In general.--The amount of the credit allowable under subsection (a) (including any increase pursuant to subsection (h)) shall be reduced (but not below zero) by an amount equal to 5 percent of the taxpayer's adjusted gross income which is in excess of the threshold amount. ``(2) Threshold amount.-- ``(A) In general.--For purposes of paragraph (1), the term `threshold amount' means-- ``(i) $250,000 in the case of a joint return, ``(ii) $200,000 in the case of an individual who is not married, and ``(iii) $125,000 in the case of a married individual filing a separate return. ``(B) Marital status.--For purposes of this paragraph, marital status shall be determined under section 7703.'', (2) in subsection (d)(1)-- (A) in subparagraph (A), by inserting ``, subsection (h),'' after ``this subsection'', and (B) in subparagraph (B)(i)-- (i) by striking ``15 percent'' and inserting ``45 percent'', and (ii) by striking ``as exceeds $3,000'', and (3) by adding at the end the following new subsections: ``(h) Additional Credit for Certain Other Dependents.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, the credit determined under subsection (a) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c). ``(2) Exception for certain non-citizens.--Paragraph (1) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(i) Definition of Qualifying Child.--In the case of a taxable year beginning before January 1, 2025, paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(j) Inflation Adjustment.-- ``(1) In general.--In the case of any taxable year beginning after 2018, each of the dollar amounts in subsection (a) shall be increased by an amount equal to-- ``(A) such dollar amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. ``(2) Rounding.--If any increase determined under paragraph (1) is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (b) Effective Date.--The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2017. [[Page S7758]] (c) Offsets.-- (1) Adjustment and termination of corporate rate.--Section 11, as amended by section 13001 of this Act, is amended-- (A) in subsection (b), by striking ``20 percent'' and inserting ``25 percent'' (B) by adding at the end the following: ``(e) Termination of 25 Percent Rate.--In the case of any taxable year beginning after December 31, 2027-- ``(1) the tax computed under subsection (a) shall be computed in the same manner as such tax was computed under subsection (b) (as in effect on the day before the date of the enactment of the Tax Cuts and Jobs Act), and ``(2) this title shall be applied and administered as if the amendments made by section 13002 of such Act had not been enacted.''. (2) Adjustment of highest rate bracket.-- (A) Joint returns.--The last row of the table contained in section 1(j)(2)(A), as added by section 11001(a), is amended to read as follows: ``Over $1,000,000......................... $301,479, plus 39.6% of the excess over $1,000,000.''. (B) Heads of households.--The last row of the table contained in section 1(j)(2)(B), as added by section 11001(a), is amended to read as follows: ``Over $500,000........................... $149,348, plus 39.6% of the excess over $500,000.''. (C) Unmarried individuals.--The last row of the table contained in section 1(j)(2)(C), as added by section 11001(a), is amended to read as follows: ``Over $500,000........................... $150,739.50, plus 39.6% of the excess over $500,000.''. (D) Married individuals filing separate returns.--The last row of the table contained in section 1(j)(2)(D), as added by section 11001(a), is amended to read as follows: ``Over $500,000........................... $150,739.50, plus 39.6% of the excess over $500,000.''. (E) Effective date.--The amendments made by this paragraph shall apply to taxable years beginning after December 31, 2017. (3) Global intangible low-taxed income on a country-by- country basis.-- (A) In general.--Section 951(a), as added by section 14201 of this Act, is amended by adding at the end the following: ``(g) Determination of Global Intangible Low-taxed Income on a Country-by-country Rather Than Aggregate Basis.-- ``(1) In general.--Notwithstanding any other provision of this section, the global intangible low-taxed income of any United States shareholder for any taxable year shall be determined separately with respect to each foreign country by taking into account such shareholder's pro rata share of net CFC tested income and net deemed tangible income return which is properly allocable to such foreign country. ``(2) Application.--The Secretary shall take such actions as are necessary to provide for the application of this section, and any provision of this title to which this section relates, on a country-by-country rather than an aggregate basis.''. (B) Effective date.--The amendment made by this subsection shall take effect as if included in the amendments made by section 14201 of this Act. \_\_\_\_\_\_ SA 1855. Mr. McCONNELL (for Mr. Hatch (for himself and Ms. Murkowski)) proposed an amendment to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; as follows: Strike all after the first word and insert the following: TITLE I SEC. 11000. SHORT TITLE, ETC. (a) Short Title.--This title may be cited as the ``Tax Cuts and Jobs Act''. (b) Amendment of 1986 Code.--Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986. Subtitle A--Individual Tax Reform PART I--TAX RATE REFORM SEC. 11001. MODIFICATION OF RATES. (a) In General.--Section 1 is amended by adding at the end the following new subsection: ``(j) Modifications for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) subsection (i) shall not apply, and ``(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (7). ``(2) Rate tables.-- ``(A) Married individuals filing joint returns and surviving spouses.--The following table shall be applied in lieu of the table contained in subsection (a): ``If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $19,050.......................... 10% of taxable income. Over $19,050 but not over $77,400......... $1,905, plus 12% of the excess over $19,050. Over $77,400 but not over $140,000........ $8,907, plus 22% of the excess over $77,400. Over $140,000 but not over $320,000....... $22,679, plus 24% of the excess over $140,000. Over $320,000 but not over $400,000....... $65,879, plus 32% of the excess over $320,000. Over $400,000 but not over $1,000,000..... $91,479, plus 35% of the excess over $400,000. Over $1,000,000........................... $301,479, plus 38.5% of the excess over $1,000,000. ``(B) Heads of households.--The following table shall be applied in lieu of the table contained in subsection (b): ``If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $13,600.......................... 10% of taxable income. Over $13,600 but not over $51,800......... $1,360, plus 12% of the excess over $13,600. Over $51,800 but not over $70,000......... $5,944, plus 22% of the excess over $51,800. Over $70,000 but not over $160,000........ $9,948, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $31,548, plus 32% of the excess over $160,000. Over $200,000 but not over $500,000....... $44,348, plus 35% of the excess over $200,000. Over $500,000............................. $149,348, plus 38.5% of the excess over $500,000. ``(C) Unmarried individuals other than surviving spouses and heads of households.--The following table shall be applied in lieu of the table contained in subsection (c): ``If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $500,000....... $45,739.50, plus 35% of the excess over $200,000. Over $500,000............................. $150,739.50, plus 38.5% of the excess over $500,000. ``(D) Married individuals filing separate returns.--The following table shall be applied in lieu of the table contained in subsection (d): ``If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $9,525........................... 10% of taxable income. Over $9,525 but not over $38,700.......... $952.50, plus 12% of the excess over $9,525. Over $38,700 but not over $70,000......... $4,453.50, plus 22% of the excess over $38,700. Over $70,000 but not over $160,000........ $11,339.50, plus 24% of the excess over $70,000. Over $160,000 but not over $200,000....... $32,939.50, plus 32% of the excess over $160,000. Over $200,000 but not over $500,000....... $45,739.50, plus 35% of the excess over $200,000. Over $500,000............................. $150,739.50, plus 38.5% of the excess over $500,000. ``(E) Estates and trusts.--The following table shall be applied in lieu of the table contained in subsection (e): ``If taxable income is: The tax is: ------------------------------------------------------------------------ Not over $2,550........................... 10% of taxable income. Over $2,550 but not over $9,150........... $255, plus 24% of the excess over $2,550. Over $9,150 but not over $12,500.......... $1,839, plus 35% of the excess over $9,150. Over $12,500.............................. $3,011.50, plus 38.5% of the excess over $12,500. ``(F) References to rate tables.--Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C). ``(3) Adjustments.-- ``(A) No adjustment in 2018.--The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019. ``(B) Subsequent years.--For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f), except that in prescribing such tables-- ``(i) subsection (f)(3) shall be applied by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof, ``(ii) subsection (f)(7)(B) shall apply to any unmarried individual other than a surviving spouse or head of household, and ``(iii) subsection (f)(8) shall not apply. ``(4) Special rules for certain children with unearned income.-- ``(A) In general.--In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1). [[Page S7759]] ``(B) Modifications to applicable rate brackets.--In determining the amount of tax imposed by this section for the taxable year on a child described in subparagraph (A), the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications: ``(i) 24-percent bracket.--The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the earned taxable income of such child. ``(ii) 35-percent bracket.--The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year. ``(iii) 38.5-percent bracket.--The maximum taxable income which is taxed at a rate below 38.5 percent shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the minimum taxable income for the 38.5-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3)) for the taxable year. ``(C) Coordination with capital gains rates.--For purposes of applying section 1(h) (after the modifications under paragraph (5))-- ``(i) the maximum zero rate amount shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and ``(ii) the maximum 15-percent rate amount shall not be more than the sum of-- ``(I) the earned taxable income of such child, plus ``(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year. ``(D) Earned taxable income.--For purposes of this paragraph, the term `earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4)) of such child. ``(5) Application of current income tax brackets to capital gains brackets.-- ``(A) In general.--Section 1(h)(1) shall be applied-- ``(i) by substituting `below the maximum zero rate amount' for `which would (without regard to this paragraph) be taxed at a rate below 25 percent' in subparagraph (B)(i), and ``(ii) by substituting `below the maximum 15-percent rate amount' for `which would (without regard to this paragraph) be taxed at a rate below 39.6 percent' in subparagraph (C)(ii)(I). ``(B) Maximum amounts defined.--For purposes of applying section 1(h) with the modifications described in subparagraph (A)-- ``(i) Maximum zero rate amount.--The maximum zero rate amount shall be-- ``(I) in the case of a joint return or surviving spouse, $77,200, ``(II) in the case of an individual who is a head of household (as defined in section 2(b)), $51,700, ``(III) in the case of any other individual (other than an estate or trust), an amount equal to \1/2\ of the amount in effect for the taxable year under subclause (I), and ``(IV) in the case of an estate or trust, $2,600. ``(ii) Maximum 15-percent rate amount.--The maximum 15- percent rate amount shall be-- ``(I) in the case of a joint return or surviving spouse, $479,000 (\1/2\ such amount in the case of a married individual filing a separate return), ``(II) in the case of an individual who is the head of a household (as defined in section 2(b)), $452,400, ``(III) in the case of any other individual (other than an estate or trust), $425,800, and ``(IV) in the case of an estate or trust, $12,700. ``(C) Inflation adjustment.--In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. ``(6) Section 15 not to apply.--Section 15 shall not apply to any change in a rate of tax by reason of this subsection.''. (b) Due Diligence Tax Preparer Requirement With Respect to Head of Household Filing Status.--Subsection (g) of section 6695 is amended to read as follows: ``(g) Failure to Be Diligent in Determining Eligibility for Certain Tax Benefits.--Any person who is a tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining-- ``(1) eligibility to file as a head of household (as defined in section 2(b)) on the return, or ``(2) eligibility for, or the amount of, the credit allowable by section 24, 25A(a)(1), or 32, shall pay a penalty of $500 for each such failure.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11002. INFLATION ADJUSTMENTS BASED ON CHAINED CPI. (a) In General.--Subsection (f) of section 1 is amended by striking paragraph (3) and by inserting after paragraph (2) the following new paragraph: ``(3) Cost-of-living adjustment.--For purposes of this subsection-- ``(A) In general.--The cost-of-living adjustment for any calendar year is the percentage (if any) by which-- ``(i) the C-CPI-U for the preceding calendar year, exceeds ``(ii) the CPI for calendar year 2016, multiplied by the amount determined under subparagraph (B). ``(B) Amount determined.--The amount determined under this clause is the amount obtained by dividing-- ``(i) the C-CPI-U for calendar year 2016, by ``(ii) the CPI for calendar year 2016. ``(C) Special rule for adjustments with a base year after 2016.--For purposes of any provision of this title which provides for the substitution of a year after 2016 for `2016' in subparagraph (A)(ii), subparagraph (A) shall be applied by substituting `the C-CPI-U for calendar year 2016' for `the CPI for calendar year 2016' and all that follows in clause (ii) thereof.''. (b) C-CPI-U.--Subsection (f) of section 1 is amended by striking paragraph (7), by redesignating paragraph (6) as paragraph (7), and by inserting after paragraph (5) the following new paragraph: ``(6) C-CPI-U.--For purposes of this subsection-- ``(A) In general.--The term `C-CPI-U' means the Chained Consumer Price Index for All Urban Consumers (as published by the Bureau of Labor Statistics of the Department of Labor). The values of the Chained Consumer Price Index for All Urban Consumers taken into account for purposes of determining the cost-of-living adjustment for any calendar year under this subsection shall be the latest values so published as of the date on which such Bureau publishes the initial value of the Chained Consumer Price Index for All Urban Consumers for the month of August for the preceding calendar year. ``(B) Determination for calendar year.--The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on August 31 of such calendar year.''. (c) Application to Permanent Tax Tables.--Section 1(f)(2)(A) is amended by inserting ``, determined by substituting `1992' for `2016' in paragraph (3)(A)(ii)''. (d) Application to Other Internal Revenue Code of 1986 Provisions.-- (1) The following sections are each amended by striking ``for `calendar year 1992' in subparagraph (B)'' and inserting ``for `calendar year 2016' in subparagraph (A)(ii)'': (A) Section 23(h)(2). (B) Paragraphs (1)(A)(ii) and (2)(A)(ii) of section 25A(h). (C) Section 25B(b)(3)(B). (D) Subsection (b)(2)(B)(ii)(II), and clauses (i) and (ii) of subsection (j)(1)(B), of section 32. (E) Section 36B(f)(2)(B)(ii)(II). (F) Section 41(e)(5)(C)(i). (G) Subsections (e)(3)(D)(ii) and (h)(3)(H)(i)(II) of section 42. (H) Section 45R(d)(3)(B)(ii). (I) Section 55(d)(4)(A)(ii). (J) Section 62(d)(3)(B). (K) Section 63(c)(4)(B). (L) Section 125(i)(2)(B). (M) Section 135(b)(2)(B)(ii). (N) Section 137(f)(2). (O) Section 146(d)(2)(B). (P) Section 147(c)(2)(H)(ii). (Q) Section 151(d)(4)(B). (R) Section 179(b)(6)(A)(ii). (S) Subsections (b)(5)(C)(i)(II) and (g)(8)(B) of section 219. (T) Section 220(g)(2). (U) Section 221(f)(1)(B). (V) Section 223(g)(1)(B). (W) Section 408A(c)(3)(D)(ii). (X) Section 430(c)(7)(D)(vii)(II). (Y) Section 512(d)(2)(B). (Z) Section 513(h)(2)(C)(ii). (AA) Section 831(b)(2)(D)(ii). (BB) Section 877A(a)(3)(B)(i)(II). (CC) Section 2010(c)(3)(B)(ii). (DD) Section 2032A(a)(3)(B). (EE) Section 2503(b)(2)(B). (FF) Section 4261(e)(4)(A)(ii). (GG) Section 5000A(c)(3)(D)(ii). (HH) Section 6323(i)(4)(B). (II) Section 6334(g)(1)(B). (JJ) Section 6601(j)(3)(B). (KK) Section 6651(i)(1). (LL) Section 6652(c)(7)(A). (MM) Section 6695(h)(1). (NN) Section 6698(e)(1). (OO) Section 6699(e)(1). (PP) Section 6721(f)(1). (QQ) Section 6722(f)(1). (RR) Section 7345(f)(2). (SS) Section 7430(c)(1). (TT) Section 9831(d)(2)(D)(ii)(II). (2) Sections 41(e)(5)(C)(ii) and 68(b)(2)(B) are each amended-- (A) by striking ``1(f)(3)(B)'' and inserting ``1(f)(3)(A)(ii)'', and (B) by striking ``1992'' and inserting ``2016''. (3) Section 42(h)(6)(G) is amended-- (A) by striking ``for `calendar year 1987' '' in clause (i)(II) and inserting ``for `calendar year 2016' in subparagraph (A)(ii) thereof'', and [[Page S7760]] (B) by striking ``if the CPI for any calendar year'' and all that follows in clause (ii) and inserting ``if the C-CPI- U for any calendar year (as defined in section 1(f)(6)) exceeds the C-CPI-U for the preceding calendar year by more than 5 percent, the C-CPI-U for the base calendar year shall be increased such that such excess shall never be taken into account under clause (i). In the case of a base calendar year before 2017, the C-CPI-U for such year shall be determined by multiplying the CPI for such year by the amount determined under section 1(f)(3)(B).''. (4) Section 59(j)(2)(B) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (5) Section 132(f)(6)(A)(ii) is amended by striking ``for `calendar year 1992' '' and inserting ``for `calendar year 2016' in subparagraph (A)(ii) thereof''. (6) Section 162(o)(3) is amended by striking ``adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991'' and inserting ``adjusted by increasing any such amount under the 1991 agreement by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1990' for `calendar year 2016' in subparagraph (A)(ii) thereof''. (7) So much of clause (ii) of section 213(d)(10)(B) as precedes the last sentence is amended to read as follows: ``(ii) Medical care cost adjustment.--For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which-- ``(I) the medical care component of the C-CPI-U (as defined in section 1(f)(6)) for August of the preceding calendar year, exceeds ``(II) such component of the CPI (as defined in section 1(f)(4)) for August of 1996, multiplied by the amount determined under section 1(f)(3)(B).''. (8) Subparagraph (B) of section 280F(d)(7) is amended to read as follows: ``(B) Automobile price inflation adjustment.--For purposes of this paragraph-- ``(i) In general.--The automobile price inflation adjustment for any calendar year is the percentage (if any) by which-- ``(I) the C-CPI-U automobile component for October of the preceding calendar year, exceeds ``(II) the automobile component of the CPI (as defined in section 1(f)(4)) for October of 1987, multiplied by the amount determined under 1(f)(3)(B). ``(ii) C-CPI-U automobile component.--The term `C-CPI-U automobile component' means the automobile component of the Chained Consumer Price Index for All Urban Consumers (as described in section 1(f)(6)).''. (9) Section 911(b)(2)(D)(ii)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (10) Paragraph (2) of section 1274A(d) is amended to read as follows: ``(2) Adjustment for inflation.--In the case of any debt instrument arising out of a sale or exchange during any calendar year after 1989, each dollar amount contained in the preceding provisions of this section shall be increased by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1988' for `calendar year 2016' in subparagraph (A)(ii) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''. (11) Section 4161(b)(2)(C)(i)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (12) Section 4980I(b)(3)(C)(v)(II) is amended by striking ``for `1992' in subparagraph (B)'' and inserting ``for `2016' in subparagraph (A)(ii)''. (13) Section 6039F(d) is amended by striking ``subparagraph (B) thereof shall be applied by substituting `1995' for `1992' '' and inserting ``subparagraph (A)(ii) thereof shall be applied by substituting `1995' for `2016' ''. (14) Section 7872(g)(5) is amended to read as follows: ``(5) Adjustment of limit for inflation.--In the case of any loan made during any calendar year after 1986, the dollar amount in paragraph (2) shall be increased by an amount equal to-- ``(A) such amount, multiplied by ``(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 1985' for `calendar year 2016' in subparagraph (A)(ii) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $100 (or, if such increase is a multiple of $50, such increase shall be increased to the nearest multiple of $100).''. (e) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. PART II--DEDUCTION FOR QUALIFIED BUSINESS INCOME OF PASS-THRU ENTITIES SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME. (a) In General.--Part VI of subchapter B of chapter 1 is amended by adding at the end the following new section: ``SEC. 199A. QUALIFIED BUSINESS INCOME. ``(a) In General.--In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the lesser of-- ``(1) the combined qualified business income amount of the taxpayer, or ``(2) an amount equal to 23 percent of the excess (if any) of-- ``(A) the taxable income of the taxpayer for the taxable year, over ``(B) any net capital gain (as defined in section 1(h)) of the taxpayer for the taxable year. ``(b) Combined Qualified Business Income Amount.--For purposes of this section-- ``(1) In general.--The term `combined qualified business income amount' means, with respect to any taxable year, an amount equal to-- ``(A) the sum of the amounts determined under paragraph (2) for each qualified trade or business carried on by the taxpayer, plus ``(B) 23 percent of the aggregate amount of the qualified REIT dividends and qualified cooperative dividends of the taxpayer for the taxable year. ``(2) Determination of deductible amount for each trade or business.--The amount determined under this paragraph with respect to any qualified trade or business is the lesser of-- ``(A) 23 percent of the taxpayer's qualified business income with respect to the qualified trade or business, or ``(B) 50 percent of the W-2 wages with respect to the qualified trade or business. ``(3) Modifications to the wage limit based on taxable income.-- ``(A) Exception from wage limit.--In the case of any taxpayer whose taxable income for the taxable year does not exceed the threshold amount, paragraph (2) shall be applied without regard to subparagraph (B). ``(B) Phase-in of limit for certain taxpayers.-- ``(i) In general.--If-- ``(I) the taxable income of a taxpayer for any taxable year exceeds the threshold amount, but does not exceed the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), and ``(II) the amount determined under paragraph (2)(B) (determined without regard to this subparagraph) with respect to any qualified trade or business carried on by the taxpayer is less than the amount determined under paragraph (2)(A) with respect such trade or business, then paragraph (2) shall be applied with respect to such trade or business without regard to subparagraph (B) thereof and by reducing the amount determined under subparagraph (A) thereof by the amount determined under clause (ii). ``(ii) Amount of reduction.--The amount determined under this subparagraph is the amount which bears the same ratio to the excess amount as-- ``(I) the amount by which the taxpayer's taxable income for the taxable year exceeds the threshold amount, bears to ``(II) $50,000 ($100,000 in the case of a joint return). ``(iii) Excess amount.--For purposes of clause (ii), the excess amount is the excess of-- ``(I) the amount determined under paragraph (2)(A) (determined without regard to this paragraph), over ``(II) the amount determined under paragraph (2)(B) (determined without regard to this paragraph). ``(4) Wages, etc.-- ``(A) In general.--The term `W-2 wages' means, with respect to any person for any taxable year of such person, the amounts described in paragraphs (3) and (8) of section 6051(a) paid by such person with respect to employment of employees by such person during the calendar year ending during such taxable year. ``(B) Limitation to wages attributable to qualified business income.--Such term shall not include any amount which is not properly allocable to qualified business income for purposes of subsection (c)(1). ``(C) Return requirement.--Such term shall not include any amount which is not properly included in a return filed with the Social Security Administration on or before the 60th day after the due date (including extensions) for such return. ``(5) Acquisitions, dispositions, and short taxable years.--The Secretary shall provide for the application of this subsection in cases of a short taxable year or where the taxpayer acquires, or disposes of, the major portion of a trade or business or the major portion of a separate unit of a trade or business during the taxable year. ``(c) Qualified Business Income.--For purposes of this section-- ``(1) In general.--The term `qualified business income' means, for any taxable year, the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer. ``(2) Carryover of losses.--If the net amount of qualified income, gain, deduction, and loss with respect to qualified trade or businesses of the taxpayer amount for any taxable year is less than zero, such amount shall be treated as a loss from a qualified trade or business in the succeeding taxable year. ``(3) Qualified items of income, gain, deduction, and loss.--For purposes of this subsection-- [[Page S7761]] ``(A) In general.--The term `qualified items of income, gain, deduction, and loss' means items of income, gain, deduction, and loss to the extent such items are-- ``(i) effectively connected with the conduct of a trade or business within the United States (within the meaning of section 864(c), determined by substituting `qualified trade or business (within the meaning of section 199A)' for `nonresident alien individual or a foreign corporation' or for `a foreign corporation' each place it appears), and ``(ii) included or allowed in determining taxable income for the taxable year. ``(B) Exceptions.--The following investment items shall not be taken into account as a qualified item of income, gain, deduction, or loss: ``(i) Any item of short-term capital gain, short-term capital loss, long-term capital gain, or long-term capital loss. ``(ii) Any dividend, income equivalent to a dividend, or payment in lieu of dividends described in section 954(c)(1)(G). ``(iii) Any interest income other than interest income which is properly allocable to a trade or business. ``(iv) Any item of gain or loss described in subparagraph (C) or (D) of section 954(c)(1) (applied by substituting `qualified trade or business' for `controlled foreign corporation'). ``(v) Any item of income, gain, deduction, or loss taken into account under section 954(c)(1)(F) (determined without regard to clause (ii) thereof and other than items attributable to notional principal contracts entered into in transactions qualifying under section 1221(a)(7)). ``(vi) Any amount received from an annuity which is not received in connection with the trade or business. ``(vii) Any item of deduction or loss properly allocable to an amount described in any of the preceding clauses. ``(4) Treatment of reasonable compensation and guaranteed payments.--Qualified business income shall not include-- ``(A) reasonable compensation paid to the taxpayer by any qualified trade or business of the taxpayer for services rendered with respect to the trade or business, ``(B) any guaranteed payment described in section 707(c) paid to a partner for services rendered with respect to the trade or business, and ``(C) to the extent provided in regulations, any payment described in section 707(a) to a partner for services rendered with respect to the trade or business. ``(d) Qualified Trade or Business.--For purposes of this section-- ``(1) In general.--The term `qualified trade or business' means any trade or business other than a specified service trade or business or the trade or business of performing services as an employee. ``(2) Specified service trade or business.--The term `specified service trade or business' means any trade or business involving the performance of services described in section 1202(e)(3)(A), including investing and investment management, trading, or dealing in securities (as defined in section 475(c)(2)), partnership interests, or commodities (as defined in section 475(e)(2)). ``(3) Exception for specified service businesses based on taxpayer's income.-- ``(A) In general.--If, for any taxable year, the taxable income of any taxpayer is less than the sum of the threshold amount plus $50,000 ($100,000 in the case of a joint return), then-- ``(i) the exception under paragraph (1) shall not apply to specified service trades or businesses of the taxpayer for the taxable year, but ``(ii) only the applicable percentage of qualified items of income, gain, deduction, or loss, and the W-2 wages, of the taxpayer allocable to such specified service trades or businesses shall be taken into account in computing the qualified business income and W-2 wages of the taxpayer for the taxable year for purposes of applying this section. ``(B) Applicable percentage.--For purposes of subparagraph (A), the term `applicable percentage' means, with respect to any taxable year, 100 percent reduced (not below zero) by the percentage equal to the ratio of-- ``(i) the taxable income of the taxpayer for the taxable year in excess of the threshold amount, bears to ``(ii) $50,000 ($100,000 in the case of a joint return). ``(e) Other Definitions.--For purposes of this section-- ``(1) Taxable income.--Taxable income shall be computed without regard to the deduction allowable under this section. ``(2) Threshold amount.-- ``(A) In general.--The term `threshold amount' means $250,000 (200 percent of such amount in the case of a joint return). ``(B) Inflation adjustment.--In the case of any taxable year beginning after 2018, the dollar amount in paragraph (1) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000. ``(3) Qualified reit dividend.--The term `qualified REIT dividend' means any dividend from a real estate investment trust received during the taxable year which-- ``(A) is not a capital gain dividend, as defined in section 857(b)(3), and ``(B) is not qualified dividend income, as defined in section 1(h)(11). ``(4) Qualified cooperative dividend.--The term `qualified cooperative dividend' means any patronage dividend (as defined in section 1388(a)), any per-unit retain allocation (as defined in section 1388(f)), and any qualified written notice of allocation (as defined in section 1388(c)), or any similar amount received from an organization described in subparagraph (B)(ii), which-- ``(A) is includible in gross income, and ``(B) is received from-- ``(i) an organization or corporation described in section 501(c)(12) or 1381(a), or ``(ii) an organization which is governed under this title by the rules applicable to cooperatives under this title before the enactment of subchapter T. ``(f) Special Rules.-- ``(1) Application to partnerships and s corporations.-- ``(A) In general.--In the case of a partnership or S corporation-- ``(i) this section shall be applied at the partner or shareholder level, ``(ii) each partner or shareholder shall take into account such person's allocable share of each qualified item of income, gain, deduction, and loss, and ``(iii) each partner or shareholder shall be treated for purposes of subsection (b) as having W-2 wages for the taxable year in an amount equal to such person's allocable share of the W-2 wages of the partnership or S corporation for the taxable year (as determined under regulations prescribed by the Secretary). For purposes of clause (iii), a partner's or shareholder's allocable share of W-2 wages shall be determined in the same manner as the partner's or shareholder's allocable share of wage expenses. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item. ``(B) Application to trusts and estates.--This section shall not apply to any trust or estate. ``(C) Treatment of trades or business in puerto rico.-- ``(i) In general.--In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term `United States' shall include the Commonwealth of Puerto Rico. ``(ii) Special rule for applying wage limitation.--In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico. ``(2) Coordination with minimum tax.--For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59. ``(3) Deduction limited to income taxes.--The deduction under subsection (a) shall only be allowed for purposes of this chapter. ``(4) Regulations.--The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations-- ``(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and ``(B) for the application of this section in the case of tiered entities. ``(g) Deduction Allowed to Specified ***Agricultural*** or Horticultural Cooperatives.-- ``(1) In general.--In the case of any taxable year of a specified ***agricultural*** or horticultural cooperative beginning after December 31, 2018, there shall be allowed a deduction in an amount equal to the lesser of-- ``(A) 23 percent of the cooperative's taxable income for the taxable year, or ``(B) 50 percent of the W-2 wages of the cooperative with respect to its trade or business. ``(2) Specified ***agricultural*** or horticultural cooperative.--For purposes of this subsection, the term `specified ***agricultural*** or horticultural cooperative' means an organization to which part I of subchapter T applies which is engaged in-- ``(A) the manufacturing, production, growth, or extraction in whole or significant part of any ***agricultural*** or horticultural product, ``(B) the marketing of ***agricultural*** or horticultural products which its patrons have so manufactured, ***produced***, grown, or extracted, or ``(C) the provision of supplies, equipment, or services to farmers or to organizations described in subparagraph (A) or (B). ``(h) Termination.--This section shall not apply to taxable years beginning after December 31, 2025.''. (b) Application to Publicly Traded Partnerships.-- (1) In general.--Section 199A(b)(1)(B), as added by subsection (a), is amended by striking ``and qualified cooperative dividends'' [[Page S7762]] and inserting ``, qualified cooperative dividends, and qualified publicly traded partnership income''. (2) Qualified publicly traded partnership income.--Section 199A(e), as added by subsection (a), is amended by adding at the end the following new paragraph: ``(5) Qualified publicly traded partnership income.--The term `qualified publicly traded partnership income' means, with respect to any qualified trade or business of a taxpayer, the sum of-- ``(A) the net amount of such taxpayer's allocable share of each qualified item of income, gain, deduction, and loss (as defined in subsection (c)(3) and determined after the application of subsection (c)(4)) from a publicly traded partnership (as defined in section 7704(a)) which is not treated as a corporation under section 7704(c), plus ``(B) any gain recognized by such taxpayer upon disposition of its interest in such partnership to the extent such gain is treated as an amount realized from the sale or exchange of property other than a capital asset under section 751(a).''. (3) Conforming amendment.--Section 199A(c)(1), as added by subsection (a), is amended by adding at the end the following new sentence: ``Such term shall not include any qualified publicly traded partnership income.''. (c) Accuracy-related Penalty on Determination of Applicable Percentage.--Section 6662(d)(1) is amended by inserting at the end the following new subparagraph: ``(C) Special rule for taxpayers claiming section 199a deduction.--In the case of any taxpayer who claims the deduction allowed under section 199A for the taxable year, subparagraph (A) shall be applied by substituting `5 percent' for `10 percent'.''. (d) Conforming Amendments.-- (1) Section 170(b)(2)(D) is amended by striking ``, and'' at the end of clause (iv), by redesignating clause (v) as clause (vi), and by inserting after clause (iv) the following new clause: ``(v) section 199A, and''. (2) Section 172(d) is amended by adding at the end the following new paragraph: ``(8) Qualified business income deduction.--The deduction under section 199A shall not be allowed.''. (3) Section 246(b)(1) is amended by inserting ``199A,'' before ``243(a)(1)''. (4) Section 613(a) is amended by inserting ``and without the deduction under section 199A'' after ``and without the deduction under section 199''. (5) Section 613A(d)(1) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B), the following new subparagraph: ``(C) any deduction allowable under section 199A,''. (6) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting at the end the following new item: ``Sec. 199A. Qualified business income.''. (e) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11012. LIMITATION ON LOSSES FOR TAXPAYERS OTHER THAN CORPORATIONS. (a) In General.--Section 461 is amended by adding at the end the following new subsection: ``(l) Limitation on Excess Business Losses of Noncorporate Taxpayers.-- ``(1) Limitation.--In the case of taxable year of a taxpayer other than a corporation beginning after December 31, 2017, and before January 1, 2026-- ``(A) subsection (j) (relating to limitation on excess farm losses of certain taxpayers) shall not apply, and ``(B) any excess business loss of the taxpayer for the taxable year shall not be allowed. ``(2) Disallowed loss carryover.--Any loss which is disallowed under paragraph (1) shall be treated as a net operating loss carryover to the following taxable year under section 172. ``(3) Excess business loss.--For purposes of this subsection-- ``(A) In general.--The term `excess business loss' means the excess (if any) of-- ``(i) the aggregate deductions of the taxpayer for the taxable year which are attributable to trades or businesses of such taxpayer (determined without regard to whether or not such deductions are disallowed for such taxable year under paragraph (1)), over ``(ii) the sum of-- ``(I) the aggregate gross income or gain of such taxpayer for the taxable year which is attributable to such trades or businesses, plus ``(II) $250,000 (200 percent of such amount in the case of a joint return). ``(B) Adjustment for inflation.--In the case of any taxable year beginning after December 31, 2018, the $250,000 amount in subparagraph (A)(ii)(II) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000. ``(4) Application of subsection in case of partnerships and s corporations.--In the case of a partnership or S corporation-- ``(A) this subsection shall be applied at the partner or shareholder level, and ``(B) each partner's or shareholder's allocable share of the items of income, gain, deduction, or loss of the partnership or S corporation for any taxable year from trades or businesses attributable to the partnership or S corporation shall be taken into account by the partner or shareholder in applying this subsection to the taxable year of such partner or shareholder with or within which the taxable year of the partnership or S corporation ends. For purposes of this paragraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item. ``(5) Additional reporting.--The Secretary shall prescribe such additional reporting requirements as the Secretary determines appropriate to carry out the purposes of this subsection. ``(6) Coordination with section 469.--This subsection shall be applied after the application of section 469.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. PART III--TAX BENEFITS FOR FAMILIES AND INDIVIDUALS SEC. 11021. INCREASE IN STANDARD DEDUCTION. (a) In General.--Subsection (c) of section 63 is amended by adding at the end the following new paragraph: ``(7) Special rules for taxable years 2018 through 2025.-- In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) Increase in standard deduction.--Paragraph (2) shall be applied-- ``(i) by substituting `$18,000' for `$4,400' in subparagraph (B), and ``(ii) by substituting `$12,000' for `$3,000' in subparagraph (C). ``(B) Adjustment for inflation.-- ``(i) In general.--Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C). ``(ii) Adjustment of increased amounts.--In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each be increased by an amount equal to-- ``(I) such dollar amount, multiplied by ``(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11022. INCREASE IN AND MODIFICATION OF CHILD TAX CREDIT. (a) In General.--Section 24 is amended by adding at the end the following new subsection: ``(h) Special Rules for Taxable Years 2018 Through 2025.-- ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2), (3), (5), (6), (7) and (8). In the case of taxable year beginning after 12/31/17 and before 1/1/2025, this section shall be applied as provided in paragraph (4). ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be $500,000. ``(4) Definition of qualifying child.--Paragraph (1) of subsection (c) shall be applied by substituting `18' for `17'. ``(5) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c) (after the application of paragraph (4)). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(6) Maximum amount of refundable credit.-- ``(A) In general.--Subsection (d)(1)(A) shall be applied without regard to paragraphs (2) and (5) of this subsection. ``(B) Adjustment for inflation.--In the case of a taxable year beginning after 2017, subsection (d)(1)(A) shall be applied as if the $1,000 amount in subsection (a) were increased (but not to exceed the amount under paragraph (2) of this subsection) by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. Any increase determined under the preceding sentence shall be rounded to the next highest multiple of $100. ``(7) Earned income threshold for refundable credit.-- Subsection (d)(1)(B)(i) shall be applied by substituting `$2,500' for `$3,000'. ``(8) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the [[Page S7763]] return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11023. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS. (a) In General.--Section 170(b)(1) is amended by redesignating subparagraph (G) as subparagraph (H) and by inserting after subparagraph (F) the following new subparagraph: ``(G) Increased limitation for cash contributions.-- ``(i) In general.--In the case of any contribution of cash to an organization described in subparagraph (A), the total amount of such contributions which may be taken into account under subsection (a) for any taxable year beginning after December 31, 2017, and before January 1, 2026, shall not exceed 60 percent of the taxpayer's contribution base for such year. ``(ii) Carryover.--If the aggregate amount of contributions described in clause (i) exceeds the applicable limitation under clause (i) for any taxable year described in such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time. ``(iii) Coordination with subparagraphs (a) and (b).-- ``(I) In general.--Contributions taken into account under this subparagraph shall not be taken into account under subparagraph (A). ``(II) Limitation reduction.--For each taxable year described in clause (i), and each taxable year to which any contribution under this subparagraph is carried over under clause (ii), subparagraph (A) shall be applied by reducing (but not below zero) the contribution limitation allowed for the taxable year under such subparagraph by the aggregate contributions allowed under this subparagraph for such taxable year, and subparagraph (B) shall be applied by treating any reference to subparagraph (A) as a reference to both subparagraph (A) and this subparagraph.''. (b) Effective Date.--The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2017. SEC. 11024. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS. (a) Increase in Limitation for Contributions From Compensation of Individuals With Disabilities.-- (1) In general.--Section 529A(b)(2)(B) is amended to read as follows: ``(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of-- ``(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus ``(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) before January 1, 2026, the lesser of-- ``(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the taxable year, or ``(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.''. (2) Responsibility for contribution limitation.--Paragraph (2) of section 529A(b) is amended by adding at the end the following: ``A designated beneficiary (or a person acting on behalf of such beneficiary) shall maintain adequate records for purposes of ensuring, and shall be responsible for ensuring, that the requirements of subparagraph (B)(ii) are met.'' (3) Eligible designated beneficiary.--Section 529A(b) is amended by adding at the end the following: ``(7) Special rules related to contribution limit.--For purposes of paragraph (2)(B)(ii)-- ``(A) Designated beneficiary.--A designated beneficiary described in this paragraph is an employee (including an employee within the meaning of section 401(c)) with respect to whom-- ``(i) no contribution is made for the taxable year to a defined contribution ***plan*** (within the meaning of section 414(i)) with respect to which the requirements of section 401(a) or 403(a) are met, ``(ii) no contribution is made for the taxable year to an annuity contract described in section 403(b), and ``(iii) no contribution is made for the taxable year to an eligible deferred compensation ***plan*** described in section 457(b). ``(B) Poverty line.--The term `poverty line' has the meaning given such term by section 673 of the Community Services Block Grant Act (42 U.S.C 9902).''. (b) Allowance of Saver's Credit for ABLE Contributions by Account Holder.--Section 25B(d)(1) is amended by striking ``and'' at the end of subparagraph (B)(ii), by striking the period at the end of subparagraph (C) and inserting ``, and'', and by inserting at the end the following: ``(D) the amount of contributions made before January 1, 2026, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act. SEC. 11025. ROLLOVERS TO ABLE ***PROGRAMS*** FROM 529 ***PROGRAMS***. (a) In General.--Clause (i) of section 529(c)(3)(C) is amended by striking ``or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ``, or'', and by adding at the end the following: ``(III) before January 1, 2026, to an ABLE account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary. Subclause (III) shall not apply to so much of a distribution which, when added to all other contributions made to the ABLE account for the taxable year, exceeds the limitation under section 529A(b)(2)(B)(i).''. (b) Effective Date.--The amendments made by this section shall apply to distributions after the date of the enactment of this Act. SEC. 11026. TREATMENT OF CERTAIN INDIVIDUALS PERFORMING SERVICES IN THE SINAI PENINSULA OF EGYPT. (a) In General.--For purposes of the following provisions of the Internal Revenue Code of 1986, with respect to the applicable period, a qualified hazardous duty area shall be treated in the same manner as if it were a combat zone (as determined under section 112 of such Code): (1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status). (2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces). (3) Section 692 (relating to income taxes of members of Armed Forces on death). (4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.). (5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces). (6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces). (7) Section 6013(f)(1) (relating to joint return where individual is in missing status). (8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone). (b) Qualified Hazardous Duty Area.--For purposes of this section, the term ``qualified hazardous duty area'' means the Sinai Peninsula of Egypt, if as of the date of the enactment of this section any member of the Armed Forces of the United States is entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for services performed in such location. Such term includes such location only during the period such entitlement is in effect. (c) Applicable Period.-- (1) In general.--Except as provided in paragraph (2), the applicable period is-- (A) the portion of the first taxable year ending after June 9, 2015, which begins on such date, and (B) any subsequent taxable year beginning before January 1, 2026. (2) Withholding.--In the case of subsection (a)(5), the applicable period is-- (A) the portion of the first taxable year ending after the date of the enactment of this Act which begins on such date, and (B) any subsequent taxable year beginning before January 1, 2026. (d) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the provisions of this section shall take effect on June 9, 2015. (2) Withholding.--Subsection (a)(5) shall apply to remuneration paid after the date of the enactment of this Act. SEC. 11027. EXTENSION OF WAIVER OF LIMITATIONS WITH RESPECT TO EXCLUDING FROM GROSS INCOME AMOUNTS RECEIVED BY WRONGFULLY INCARCERATED INDIVIDUALS. (a) In General.--Section 304(d) of the Protecting Americans from Tax Hikes Act of 2015 (26 U.S.C 139F note) is amended by striking ``1-year'' and inserting ``2-year''. (b) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act. SEC. 11028. TEMPORARY REDUCTION IN MEDICAL EXPENSE DEDUCTION FLOOR. (a) In General.--Subsection (f) of section 213 is amended to read as follows: ``(f) Special Rules for 2013 Through 2018.--In the case of any taxable year-- ``(1) beginning after December 31, 2012, and ending before January 1, 2017, in the case of a taxpayer if such taxpayer or such taxpayer's spouse has attained age 65 before the close of such taxable year, and ``(2) beginning after December 31, 2016, and ending before January 1, 2019, in the case of any taxpayer, subsection (a) shall be applied with respect to a taxpayer by substituting `7.5 percent' for `10 percent'.''. (b) Minimum Tax Preference Not to Apply.--Section 56(b)(1)(B) is amended by adding at the end the following new sentence:``This subparagraph shall not apply to [[Page S7764]] taxable years beginning after December 31, 2016, and ending before January 1, 2019''. (c) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2016. SEC. 11029. RELIEF FOR 2016 DISASTER AREAS. (a) In General.--For purposes of this section, the term ``2016 disaster area'' means any area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act during calendar year 2016. (b) Special Rules for Use of Retirement Funds With Respect to Areas Damaged by 2016 Disasters.-- (1) Tax-favored withdrawals from retirement ***plans***.-- (A) In general.--Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified 2016 disaster distribution. (B) Aggregate dollar limitation.-- (i) In general.--For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified 2016 disaster distributions for any taxable year shall not exceed the excess (if any) of-- (I) $100,000, over (II) the aggregate amounts treated as qualified 2016 disaster distributions received by such individual for all prior taxable years. (ii) Treatment of ***plan*** distributions.--If a distribution to an individual would (without regard to clause (i)) be a qualified 2016 disaster distribution, a ***plan*** shall not be treated as violating any requirement of this title merely because the ***plan*** treats such distribution as a qualified 2016 disaster distribution, unless the aggregate amount of such distributions from all ***plans*** maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $100,000. (iii) Controlled group.--For purposes of clause (ii), the term ``controlled group'' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986. (C) Amount distributed may be repaid.-- (i) In general.--Any individual who receives a qualified 2016 disaster distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement ***plan*** of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be. (ii) Treatment of repayments of distributions from eligible retirement ***plans*** other than iras.--For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified 2016 disaster distribution from an eligible retirement ***plan*** other than an individual retirement ***plan***, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified 2016 disaster distribution in an eligible rollover distribution (as defined in section 402(c)(4) of the Internal Revenue Code of 1986) and as having transferred the amount to the eligible retirement ***plan*** in a direct trustee to trustee transfer within 60 days of the distribution. (iii) Treatment of repayments for distributions from iras.--For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to clause (i) with respect to a qualified 2016 disaster distribution from an individual retirement ***plan*** (as defined by section 7701(a)(37) of the Internal Revenue Code of 1986), then, to the extent of the amount of the contribution, the qualified 2016 disaster distribution shall be treated as a distribution described in section 408(d)(3) of such Code and as having been transferred to the eligible retirement ***plan*** in a direct trustee to trustee transfer within 60 days of the distribution. (D) Definitions.--For purposes of this paragraph-- (i) Qualified 2016 disaster distribution.--Except as provided in subparagraph (B), the term ``qualified 2016 disaster distribution'' means any distribution from an eligible retirement ***plan*** made on or after January 1, 2016, and before January 1, 2018, to an individual whose principal place of abode at any time during calendar year 2016 was located in a disaster area described in subsection (a) and who has sustained an economic loss by reason of the events giving rise to the Presidential declaration described in subsection (a) which was applicable to such area. (ii) Eligible retirement ***plan***.--The term ``eligible retirement ***plan***'' shall have the meaning given such term by section 402(c)(8)(B) of the Internal Revenue Code of 1986. (E) Income inclusion spread over 3-year period.-- (i) In general.--In the case of any qualified 2016 disaster distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable-year period beginning with such taxable year. (ii) Special rule.--For purposes of clause (i), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply. (F) Special rules.-- (i) Exemption of distributions from trustee to trustee transfer and withholding rules.--For purposes of sections 401(a)(31), 402(f), and 3405 of the Internal Revenue Code of 1986, qualified 2016 disaster distribution shall not be treated as eligible rollover distributions. (ii) Qualified 2016 disaster distributions treated as meeting ***plan*** distribution requirements.--For purposes of the Internal Revenue Code of 1986, a qualified 2016 disaster distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A) of the Internal Revenue Code of 1986. (2) Provisions relating to ***plan*** amendments.-- (A) In general.--If this paragraph applies to any amendment to any ***plan*** or annuity contract, such ***plan*** or contract shall be treated as being operated in accordance with the terms of the ***plan*** during the period described in subparagraph (B)(ii)(I). (B) Amendments to which subsection applies.-- (i) In general.--This paragraph shall apply to any amendment to any ***plan*** or annuity contract which is made-- (I) pursuant to any provision of this section, or pursuant to any regulation under any provision of this section; and (II) on or before the last day of the first ***plan*** year beginning on or after January 1, 2018, or such later date as the Secretary prescribes. In the case of a governmental ***plan*** (as defined in section 414(d) of the Internal Revenue Code of 1986), subclause (II) shall be applied by substituting the date which is 2 years after the date otherwise applied under subclause (II). (ii) Conditions.--This paragraph shall not apply to any amendment unless-- (I) during the period-- (aa) beginning on the date that this section or the regulation described in clause (i)(I) takes effect (or in the case of a ***plan*** or contract amendment not required by this section or such regulation, the effective date specified by the ***plan***); and (bb) ending on the date described in clause (i)(II) (or, if earlier, the date the ***plan*** or contract amendment is adopted), the ***plan*** or contract is operated as if such ***plan*** or contract amendment were in effect; and (II) such ***plan*** or contract amendment applies retroactively for such period. (c) Special Rules for Personal Casualty Losses Related to 2016 Major Disaster.-- (1) In general.--If an individual has a net disaster loss for any taxable year beginning after December 31, 2017, and before January 1, 2026-- (A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of-- (i) such net disaster loss, and (ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual, (B) section 165(h)(1) of such Code shall be applied by substituting ``$500'' for ``$500 ($100 for taxable years beginning after December 31, 2009)'', (C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and (D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph. (2) Net disaster loss.--For purposes of this subsection, the term ``net disaster loss'' means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986). (3) Qualified disaster-related personal casualty losses.-- For purposes of this paragraph, the term ``qualified disaster-related personal casualty losses'' means losses described in section 165(c)(3) of the Internal Revenue Code of 1986 which arise in a disaster area described in subsection (a) on or after January 1, 2016, and which are attributable to the events giving rise to the Presidential declaration described in subsection (a) which was applicable to such area. PART IV--EDUCATION SEC. 11031. TREATMENT OF STUDENT LOANS DISCHARGED ON ACCOUNT OF DEATH OR DISABILITY. (a) In General.--Section 108(f) is amended by adding at the end the following new paragraph: ``(5) Discharges on account of death or disability.-- ``(A) In general.--In the case of an individual, gross income for any taxable year beginning after December 31, 2017, and before January 1, 2026, does not include any amount which (but for this subsection) would be includible in gross income for such taxable year by reasons of the discharge (in whole or in part) of any loan described in subparagraph (B) if such discharge was-- ``(i) pursuant to subsection (a) or (d) of section 437 of the Higher Education Act of 1965 or the parallel benefit under part D of title IV of such Act (relating to the repayment of loan liability), ``(ii) pursuant to section 464(c)(1)(F) of such Act, or ``(iii) otherwise discharged on account of the death or total and permanent disability of the student. [[Page S7765]] ``(B) Loans described.--A loan is described in this subparagraph if such loan is-- ``(i) a student loan (as defined in paragraph (2)), or ``(ii) a private education loan (as defined in section 140(7) of the Consumer Credit Protection Act (15 U.S.C 1650(7))).''. (b) Effective Date.--The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017. SEC. 11032. INCREASE IN DEDUCTION FOR TEACHER EXPENSES. (a) In General.--Subparagraph (D) of section 62(a)(2) is amended by striking ``$250'' and inserting ``$250 ($500 in the case of taxable years beginning after December 31, 2017, and before January 1, 2026)''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART V--DEDUCTIONS AND EXCLUSIONS SEC. 11041. SUSPENSION OF DEDUCTION FOR PERSONAL EXEMPTIONS. (a) In General.--Subsection (d) of section 151 is amended-- (1) by striking ``In the case of'' in paragraph (4) and inserting ``Except as provided in paragraph (5), in the case of'', and (2) by adding at the end the following new paragraph: ``(5) Special rules for taxable years 2018 through 2025.-- In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) Exemption amount.--The term `exemption amount' means zero. ``(B) References.--For purposes of any other provision of this title, the reduction of the exemption amount to zero under subparagraph (A) shall not be taken into account in determining whether a deduction is allowed or allowable, or whether a taxpayer is entitled to a deduction, under this section.''. (b) Application to Estates and Trusts.--Section 642(b)(2)(C) is amended by adding at the end the following new clause: ``(iii) Years when personal exemption amount is zero.-- ``(I) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, clause (i) shall be applied by substituting `$4,150' for `the exemption amount under section 151(d)'. ``(II) Inflation adjustment.--In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to-- ``(aa) such dollar amount, multiplied by ``(bb) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (c) Exception for Wage Withholding Rules.--Section 3402(a) is amended by adding at the end the following new paragraph: ``(3) Years when personal exemption amount is zero.-- ``(A) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall be applied by substituting `$4,150' for `the amount of one personal exemption provided in section 151(b)'. ``(B) Inflation adjustment.--In the case of any calendar year beginning after 2018, the $4,150 amount in subparagraph (A) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100.''. (d) Exception for Determining Property Exempt From Levy.-- Section 6334(d) is amended by adding at the end the following new paragraph: ``(4) Years when personal exemption amount is zero.-- ``(A) In general.--In the case of any taxable year in which the exemption amount under section 151(d) is zero, paragraph (2) shall not apply and for purposes of paragraph (1) the term `exempt amount' means an amount equal to-- ``(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by ``(ii) 52. ``(B) Amount determined.--For purposes of subparagraph (A), the amount determined under this subparagraph is $4,150 multiplied by the number of the taxpayer's dependents for the taxable year in which the levy occurs. ``(C) Inflation adjustment.--In the case of any taxable year beginning after 2018, the $4,150 amount in subparagraph (B) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `2017' for `2016' in subparagraph (A)(ii) thereof. If any increase determined under the preceding sentence is not a multiple of $100, such increase shall be rounded to the next lowest multiple of $100. ``(D) Verified statement.--Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.''. (e) Persons Required to Make Returns of Income.--Section 6012 is amended by adding at the end the following new subsection: ``(f) Special Rule for Taxable Years 2018 Through 2025.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, subsection (a)(1) shall not apply, and every individual who has gross income for the taxable year shall be required to make returns with respect to income taxes under subtitle A, except that a return shall not be required of-- ``(1) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or ``(2) an individual entitled to make a joint return if-- ``(A) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable to the taxpayer for such taxable year under section 63 if such individual and such individual's spouse made a joint return, ``(B) such individual and such individual's spouse have the same household as their home at the close of the taxable year, ``(C) such individual's spouse does not make a separate return, and ``(D) neither such individual nor such individual's spouse is an individual described in section 63(c)(5) who has income (other than earned income) in excess of the amount in effect under section 63(c)(5)(A).''. (f) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11042. SUSPENSION OF DEDUCTION FOR STATE AND LOCAL, ETC. TAXES. (a) In General.--Subsection (b) of section 164 is amended by adding at the end the following new paragraph: ``(6) Suspension of individual deductions for taxable years 2018 through 2025.--In the case of an individual and a taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(A) foreign real property taxes (other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212) shall not be taken into account under subsection (a)(1), ``(B) the aggregate amount of taxes (other than taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212) taken into account under subsection (a)(1) for any taxable year shall not exceed $10,000 ($5,000 in the case of a married individual filing a separate return), ``(C) subsection (a)(2) shall only apply to taxes which are paid or accrued in carrying on a trade or business or an activity described in section 212, ``(D) subsection (a)(3) shall not apply to State and local taxes, and ``(E) paragraph (5) shall not apply.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11043. SUSPENSION OF DEDUCTION FOR HOME EQUITY INTEREST. (a) In General.--Section 163(h)(3)(A)(ii) is amended by inserting ``in the case of taxable years beginning before January 1, 2018, or after December 31, 2025,'' before ``home equity indebtedness''. (b) Effective Date.--The amendment made by this section shall apply to taxable years ending after December 31, 2017. SEC. 11044. MODIFICATION OF DEDUCTION FOR PERSONAL CASUALTY LOSSES. (a) In General.--Subsection (h) of section 165 is amended by adding at the end the following new paragraph: ``(5) Limitation for taxable years 2018 through 2025.--In the case of an individual, any loss described in subsection (c)(3) which (but for this paragraph) would be deductible in a taxable year beginning after December 31, 2017, and before January 1, 2026, shall be allowed only to the extent it is attributable to a Federally declared disaster (as defined in subsection (i)(5)). The preceding sentence shall not apply to any deduction under section 172 which is carried to such a taxable year from a taxable year beginning before January 1, 2018.''. (b) Effective Date.--The amendment made by this section shall apply to losses incurred in taxable years beginning after December 31, 2017. SEC. 11045. SUSPENSION OF MISCELLANEOUS ITEMIZED DEDUCTIONS. (a) In General.--Section 67 is amended by adding at the end the following new subsection: ``(g) Suspension for Taxable Years 2018 Through 2025.-- Notwithstanding subsection (a), no miscellaneous itemized deduction shall be allowed for any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11046. SUSPENSION OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS. (a) In General.--Section 68 is amended by adding at the end the following new subsection: [[Page S7766]] ``(f) Section Not to Apply.--This section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11047. MODIFICATION OF EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE. (a) In General.--Section 121 is amended by adding at the end the following new subsection: ``(h) Special Rules for Sales or Exchanges in Taxable Years 2018 Through 2025.-- ``(1) In general.--In applying this section with respect to sales or exchanges after December 31, 2017, and before January 1, 2026-- ``(A) `8-year' shall be substituted for `5-year' each place it appears in subsections (a), (b)(5)(C)(ii)(I), and (c)(1)(B)(i)(I) and paragraphs (7), (9), (10), and (12) of subsection (d), ``(B) `5 years' shall be substituted for `2 years' each place it appears in subsections (a), (b)(3), (b)(4), (b)(5)(C)(ii)(III), and (c)(1)(B)(ii), and ``(C) `5-year' shall be substituted for `2-year' in subsection (b)(3). ``(2) Exception for binding contracts.--Paragraph (1) shall not apply to any sale or exchange with respect to which there was a written binding contract in effect before January 1, 2018, and at all times thereafter before the sale or exchange.''. (b) Effective Date.--The amendment made by this section shall apply to sales and exchanges after December 31, 2017. SEC. 11048. SUSPENSION OF EXCLUSION FOR QUALIFIED BICYCLE COMMUTING REIMBURSEMENT. (a) In General.--Section 132(f) is amended by adding at the end the following new paragraph: ``(8) Suspension of qualified bicycle commuting reimbursement exclusion.--Paragraph (1)(D) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11049. SUSPENSION OF EXCLUSION FOR QUALIFIED MOVING EXPENSE REIMBURSEMENT. (a) In General.--Section 132(g) is amended-- (1) by striking ``For purposes of this section, the term'' and inserting ``For purposes of this section-- ``(1) In general.--The term'', and (2) by adding at the end the following new paragraph: ``(2) Suspension for taxable years 2018 through 2025.-- Except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station, subsection (a)(6) shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11050. SUSPENSION OF DEDUCTION FOR MOVING EXPENSES. (a) In General.--Section 217 is amended by adding at the end the following new subsection: ``(k) Suspension of Deduction for Taxable Years 2018 Through 2025.--Except in the case of an individual to whom subsection (g) applies, this section shall not apply to any taxable year beginning after December 31, 2017, and before January 1, 2026.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11051. LIMITATION ON WAGERING LOSSES. (a) In General.--Section 165(d) is amended by adding at the end the following: ``For purposes of the preceding sentence, in the case of taxable years beginning after December 31, 2017, and before January 1, 2026, the term `losses from wagering transactions' includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART VI--INCREASE IN ESTATE AND GIFT TAX EXEMPTION SEC. 11061. INCREASE IN ESTATE AND GIFT TAX EXEMPTION. (a) In General.--Section 2010(c)(3) is amended by adding at the end the following new subparagraph: ``(C) Increase in basic exclusion amount.--In the case of estates of decedents dying or gifts made after December 31, 2017, and before January 1, 2026, subparagraph (A) shall be applied by substituting `$10,000,000' for `$5,000,000'.''. (b) Conforming Amendment.--Subsection (g) of section 2001 is amended to read as follows: ``(g) Modifications to Tax Payable.-- ``(1) Modifications to gift tax payable to reflect different tax rates.--For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute-- ``(A) the tax imposed by chapter 12 with respect to such gifts, and ``(B) the credit allowed against such tax under section 2505, including in computing-- ``(i) the applicable credit amount under section 2505(a)(1), and ``(ii) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2). ``(2) Modifications to estate tax payable to reflect different basic exclusion amounts.--The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section with respect to any difference between-- ``(A) the basic exclusion amount under section 2010(c)(3) applicable at the time of the decedent's death, and ``(B) the basic exclusion amount under such section applicable with respect to any gifts made by the decedent.''. (c) Effective Date.--The amendments made by this section shall apply to estates of decedents dying and gifts made after December 31, 2017. PART VII--TAXPAYER RIGHTS AND TAX ADMINISTRATION SEC. 11071. EXTENSION OF TIME LIMIT FOR CONTESTING IRS LEVY. (a) Extension of Time for Return of Property Subject to Levy.--Subsection (b) of section 6343 is amended by striking ``9 months'' and inserting ``2 years''. (b) Period of Limitation on Suits.--Subsection (c) of section 6532 is amended-- (1) by striking ``9 months'' in paragraph (1) and inserting ``2 years'', and (2) by striking ``9-month'' in paragraph (2) and inserting ``2-year''. (c) Effective Date.--The amendments made by this section shall apply to-- (1) levies made after the date of the enactment of this Act, and (2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date. SEC. 11072. MODIFICATION OF USER FEE REQUIREMENTS FOR INSTALLMENT AGREEMENTS. (a) In General.--Section 6159 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection: ``(f) Installment Agreement Fees.-- ``(1) Limitation on fee amount.--The amount of any fee imposed on an installment agreement under this section may not exceed the amount of such fee as in effect on the date of the enactment of this subsection. ``(2) Waiver or reimbursement.--In the case of any taxpayer with an adjusted gross income, as determined for the most recent year for which such information is available, which does not exceed 250 percent of the applicable poverty level (as determined by the Secretary)-- ``(A) if the taxpayer has agreed to make payments under the installment agreement by electronic payment through a debit instrument, no fee shall be imposed on an installment agreement under this section, and ``(B) if the taxpayer is unable to make payments under the installment agreement by electronic payment through a debit instrument, the Secretary shall, upon completion of the installment agreement, pay the taxpayer an amount equal to any such fees imposed.''. (b) Effective Date.--The amendments made by this section shall apply to agreements entered into on or after the date which is 60 days after the date of the enactment of this Act. SEC. 11073. ATTORNEYS' FEES RELATING TO AWARDS TO WHISTLEBLOWERS. (a) In General.--Paragraph (21) of section 62(a) is amended to read as follows: ``(21) Attorneys' fees relating to awards to whistleblowers.-- ``(A) In general.--Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under-- ``(i) section 7623(b), or ``(ii) any action brought under-- ``(I) section 21F of the Securities Exchange Act of 1934 (15 U.S.C 78u-6), ``(II) a State false claims act, including a State false claims act with qui tam provisions, or ``(III) section 23 of the Commodity Exchange Act (7 U.S.C 26). ``(B) May not exceed award.--Subparagraph (A) shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of such award.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 11074. CLARIFICATION OF WHISTLEBLOWER AWARDS. (a) Definition of Proceeds.-- (1) In general.--Section 7623 is amended by adding at the end the following new subsection: ``(c) Proceeds.--For purposes of this section, the term `proceeds' includes-- ``(1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and ``(2) any proceeds arising from laws for which the Internal Revenue Service is authorized to administer, enforce, or investigate, including-- ``(A) criminal fines and civil forfeitures, and ``(B) violations of reporting requirements.''. (2) Conforming amendments.--Paragraphs (1) and (2)(A) of section 7623(b) are each amended by striking ``collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the [[Page S7767]] action'' and inserting ``proceeds collected as a result of the action''. (b) Amount of Proceeds Determined Without Regard to Availability.--Paragraphs (1) and (2)(A) of section 7623(b) are each amended by inserting ``(determined without regard to whether such proceeds are available to the Secretary)'' after ``in response to such action''. (c) Disputed Amount Threshold.--Section 7623(b)(5)(B) is amended by striking ``tax, penalties, interest, additions to tax, and additional amounts'' and inserting ``proceeds''. (d) Effective Date.--The amendments made by this section shall apply to information provided before, on, or after the date of the enactment of this Act with respect to which a final determination for an award has not been made before such date of enactment. PART VIII--INDIVIDUAL MANDATE SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL COVERAGE. (a) In General.--Section 5000A(c) is amended-- (1) in paragraph (2)(B)(iii), by striking ``2.5 percent'' and inserting ``Zero percent'', and (2) in paragraph (3)-- (A) by striking ``$695'' in subparagraph (A) and inserting ``$0'', and (B) by striking subparagraph (D). (b) Effective Date.--The amendments made by this section shall apply to months beginning after December 31, 2018. Subtitle B--Alternative Minimum Tax SEC. 12001. INCREASED EXEMPTION FOR INDIVIDUALS. (a) Increased Exemption.--Section 55(d) is amended by adding at the end the following new paragraph: ``(5) Special rule for taxable years beginning after 2017 and before 2026.-- ``(A) In general.--In the case of any taxable year beginning after December 31, 2017, and before January 1, 2026-- ``(i) paragraph (1) shall be applied-- ``(I) by substituting `$109,400' for `$78,750' in subparagraph (A), and ``(II) by substituting `$70,300' for `$50,600' in subparagraph (B), and ``(ii) paragraph (3) shall be applied-- ``(I) by substituting `$208,400' for `$150,000' in subparagraph (A), ``(II) by substituting `$156,300' for `$112,500' in subparagraph (B), and ``(III) in the case of a taxpayer described in paragraph (1)(D), without regard to the substitution under subclause (I). ``(B) Inflation adjustment.-- ``(i) In general.--In the case of any taxable year beginning in a calendar year after 2018, the amounts described in clause (ii) shall each be increased by an amount equal to-- ``(I) such dollar amount, multiplied by ``(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. ``(ii) Amounts described.--The amounts described in this clause are the $109,400 amount in subparagraph (A)(i)(I), the $70,300 amount in subparagraph (A)(i)(II), the $208,400 amount in subparagraph (A)(ii)(I), and the $156,300 amount in subparagraph (A)(ii)(II). ``(iii) Rounding.--Any increased amount determined under clause (i) shall be rounded to the nearest multiple of $100.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. Subtitle C--Business-related Provisions PART I--CORPORATE PROVISIONS SEC. 13001. 20-PERCENT CORPORATE TAX RATE. (a) In General.--Subsection (b) of section 11 is amended to read as follows: ``(b) Amount of Tax.--The amount of the tax imposed by subsection (a) shall be 20 percent of taxable income.''. (b) Conforming Amendments.-- (1) The following sections are each amended by striking ``section 11(b)(1)'' and inserting ``section 11(b)'': (A) Section 280C(c)(3)(B)(ii)(II). (B) Paragraphs (2)(B) and (6)(A)(ii) of section 860E(e). (C) Section 7874(e)(1)(B). (2)(A) Part I of subchapter P of chapter 1 is amended by striking section 1201 (and by striking the item relating to such section in the table of sections for such part). (B) Section 12 is amended by striking paragraphs (4) and (6), and by redesignating paragraph (5) as paragraph (4). (C) Section 453A(c)(3) is amended by striking ``or 1201 (whichever is appropriate)''. (D) Section 527(b) is amended-- (i) by striking paragraph (2), and (ii) by striking all that precedes ``is hereby imposed'' and inserting: ``(b) Tax Imposed.--A tax''. (E) Sections 594(a) is amended by striking ``taxes imposed by section 11 or 1201(a)'' and inserting ``tax imposed by section 11''. (F) Section 691(c)(4) is amended by striking ``1201,''. (G) Section 801(a) is amended-- (i) by striking paragraph (2), and (ii) by striking all that precedes ``is hereby imposed'' and inserting: ``(a) Tax Imposed.--A tax''. (H) Section 831(e) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively. (I) Sections 832(c)(5) and 834(b)(1)(D) are each amended by striking ``sec. 1201 and following,''. (J) Section 852(b)(3)(A) is amended by striking ``section 1201(a)'' and inserting ``section 11(b)''. (K) Section 857(b)(3) is amended-- (i) by striking subparagraph (A) and redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively, (ii) in subparagraph (C), as so redesignated-- (I) by striking ``subparagraph (A)(ii)'' in clause (i) thereof and inserting ``paragraph (1)'', (II) by striking ``the tax imposed by subparagraph (A)(ii)'' in clauses (ii) and (iv) thereof and inserting ``the tax imposed by paragraph (1) on undistributed capital gain'', (iii) in subparagraph (E), as so redesignated, by striking ``subparagraph (B) or (D)'' and inserting ``subparagraph (A) or (C)'', and (iv) by adding at the end the following new subparagraph: ``(F) Undistributed capital gain.--For purposes of this paragraph, the term `undistributed capital gain' means the excess of the net capital gain over the deduction for dividends paid (as defined in section 561) determined with reference to capital gain dividends only.''. (L) Section 882(a)(1) is amended by striking ``, 55, or 1201(a)'' and inserting ``or 55''. (M) Section 904(b) is amended-- (i) by striking ``or 1201(a)'' in paragraph (2)(C), (ii) by striking paragraph (3)(D) and inserting the following: ``(D) Capital gain rate differential.--There is a capital gain rate differential for any year if subsection (h) of section 1 applies to such taxable year.'', and (iii) by striking paragraph (3)(E) and inserting the following: ``(E) Rate differential portion.--The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as-- ``(i) the excess of-- ``(I) the highest rate of tax set forth in subsection (a), (b), (c), (d), or (e) of section 1 (whichever applies), over ``(II) the alternative rate of tax determined under section 1(h), bears to ``(ii) that rate referred to in subclause (I).''. (N) Section 1374(b) is amended by striking paragraph (4). (O) Section 1381(b) is amended by striking ``taxes imposed by section 11 or 1201'' and inserting ``tax imposed by section 11''. (P) Sections 6425(c)(1)(A) and 6655(g)(1)(A)(i) are each amended by striking ``or 1201(a),''. (Q) Section 7518(g)(6)(A) is amended by striking ``or 1201(a)''. (3)(A) Section 1445(e)(1) is amended-- (i) by striking ``35 percent'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b)'', and (ii) by striking ``of the gain'' and inserting ``multiplied by the gain''. (B) Section 1445(e)(2) is amended by striking ``35 percent of the amount'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b) multiplied by the amount''. (C) Section 1445(e)(6) is amended-- (i) by striking ``35 percent'' and inserting ``the highest rate of tax in effect for the taxable year under section 11(b)'', and (ii) by striking ``of the amount'' and inserting ``multiplied by the amount''. (D) Section 1446(b)(2)(B) is amended by striking ``section 11(b)(1)'' and inserting ``section 11(b)''. (4) Section 852(b)(1) is amended by striking the last sentence. (5)(A) Part I of subchapter B of chapter 5 is amended by striking section 1551 (and by striking the item relating to such section in the table of sections for such part). (B) Section 535(c)(5) is amended to read as follows: ``(5) Cross reference.--For limitation on credit provided in paragraph (2) or (3) in the case of certain controlled corporations, see section 1561.''. (6)(A) Section 1561(a) is amended-- (i) by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, (ii) by striking ``amounts specified in paragraph (1) and the amount specified in paragraph (3)'' and inserting ``the amount specified in paragraph (2)'', (iii) by striking ``The amounts specified in paragraph (2)'' and inserting ``The amounts specified in paragraph (1)'', (iv) by striking the third sentence in the flush language, and (v) by striking ``under paragraph (3)'' and inserting ``under paragraph (2)''. (B) The first sentence of section 1561(b) is amended to read as follows: ``If a corporation has a short taxable year which does not include a December 31 and is a component member of a controlled group of corporations with respect to such taxable year, then for purposes of this subtitle the amount to be used in computing the accumulated earnings credit under section 535(c)(2) and (3) of such corporation for such taxable year shall be the amount specified in subsection (a)(1) divided by the number of corporations which are component members of such group on the last day of such taxable year.'' (7) Section 7518(g)(6)(A) is amended-- [[Page S7768]] (A) by striking ``With respect to the portion'' and inserting ``In the case of a taxpayer other than a corporation, with respect to the portion'', and (B) by striking ``(34 percent in the case of a corporation)''. (c) Effective Date.-- (1) In general.--Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2018. (2) Withholding.--The amendments made by subsection (b)(3) shall apply to distributions made after December 31, 2018. (3) Certain transfers.--The amendments made by subsection (b)(6) shall apply to transfers made after December 31, 2018. (d) Normalization Requirements.-- (1) In general.--A normalization method of accounting shall not be treated as being used with respect to any public utility property for purposes of section 167 or 168 of the Internal Revenue Code of 1986 if the taxpayer, in computing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, reduces the excess tax reserve more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method. (2) Alternative method for certain taxpayers.--If, as of the first day of the taxable year that includes the date of enactment of this Act-- (A) the taxpayer was required by a regulatory agency to compute depreciation for public utility property on the basis of an average life or composite rate method, and (B) the taxpayer's books and underlying records did not contain the vintage account data necessary to apply the average rate assumption method, the taxpayer will be treated as using a normalization method of accounting if, with respect to such jurisdiction, the taxpayer uses the alternative method for public utility property that is subject to the regulatory authority of that jurisdiction. (3) Definitions.--For purposes of this subsection-- (A) Excess tax reserve.--The term ``excess tax reserve'' means the excess of-- (i) the reserve for deferred taxes (as described in section 168(i)(9)(A)(ii) of the Internal Revenue Code of 1986) as determined under the Internal Revenue Code of 1986 as in effect on the day before the date of the enactment of this Act, over (ii) the amount which would be the balance in such reserve if the amount of such reserve were determined by assuming that the corporate rate reductions provided in this Act were in effect for all prior periods. (B) Average rate assumption method.--The average rate assumption method is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, if timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying-- (i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by (ii) the amount of the timing differences which reverse during such period. (C) Alternative method.--The ``alternative method'' is the method in which the taxpayer-- (i) computes the excess tax reserve on all public utility property included in the plant account on the basis of the weighted average life or composite rate used to compute depreciation for regulatory purposes, and (ii) reduces the excess tax reserve ratably over the remaining regulatory life of the property. (4) Tax increased for normalization violation.--If, for any taxable year ending after the date of the enactment of this Act, the taxpayer does not use a normalization method of accounting, the taxpayer's tax for the taxable year shall be increased by the amount by which it reduces its excess tax reserve more rapidly than permitted under a normalization method of accounting. SEC. 13002. REDUCTION IN DIVIDEND RECEIVED DEDUCTIONS TO REFLECT LOWER CORPORATE INCOME TAX RATES. (a) Dividends Received by Corporations.-- (1) In general.--Section 243(a)(1) is amended by striking ``70 percent'' and inserting ``50 percent''. (2) Dividends from 20-percent owned corporations.--Section 243(c)(1) is amended-- (A) by striking ``80 percent'' and inserting ``65 percent'', and (B) by striking ``70 percent'' and inserting ``50 percent''. (3) Conforming amendment.--The heading for section 243(c) is amended by striking ``Retention of 80-percent Dividend Received Deduction'' and inserting ``Increased Percentage''. (b) Dividends Received From FSC.--Section 245(c)(1)(B) is amended-- (1) by striking ``70 percent'' and inserting ``50 percent'', and (2) by striking ``80 percent'' and inserting ``65 percent''. (c) Limitation on Aggregate Amount of Deductions.--Section 246(b)(3) is amended-- (1) by striking ``80 percent'' in subparagraph (A) and inserting ``65 percent'', and (2) by striking ``70 percent'' in subparagraph (B) and inserting ``50 percent''. (d) Reduction in Deduction Where Portfolio Stock Is Debt- financed.--Section 246A(a)(1) is amended-- (1) by striking ``70 percent'' and inserting ``50 percent'', and (2) by striking ``80 percent'' and inserting ``65 percent''. (e) Income From Sources Within the United States.--Section 861(a)(2) is amended-- (1) by striking ``100/70th'' and inserting ``100/50th'' in subparagraph (B), and (2) in the flush sentence at the end-- (A) by striking ``100/80th'' and inserting ``100/65th'', and (B) by striking ``100/70th'' and inserting ``100/50th''. (f) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2018. PART II--SMALL BUSINESS REFORMS SEC. 13101. MODIFICATIONS OF RULES FOR EXPENSING DEPRECIABLE BUSINESS ASSETS. (a) Increase in Limitation.-- (1) Dollar limitation.--Section 179(b)(1) is amended by striking ``$500,000'' and inserting ``$1,000,000''. (2) Reduction in limitation.--Section 179(b)(2) is amended by striking ``$2,000,000'' and inserting ``$2,500,000''. (3) Inflation adjustments.-- (A) In general.--Subparagraph (A) of section 179(b)(6), as amended by section 11002(d), is amended-- (i) by striking ``2015'' and inserting ``2018'', and (ii) in clause (ii), by striking ``calendar year 2014'' and inserting ``calendar year 2017''. (B) Sport utility vehicles.--Section 179(b)(6) is amended-- (i) in subparagraph (A), by striking ``paragraphs (1) and (2)'' and inserting ``paragraphs (1), (2), and (5)(A)'', and (ii) in subparagraph (B), by inserting ``($100 in the case of any increase in the amount under paragraph (5)(A))'' after ``$10,000''. (b) Section 179 Property to Include Qualified Real Property.-- (1) In general.--Subparagraph (B) of section 179(d)(1) is amended to read as follows: ``(B) which is-- ``(i) section 1245 property (as defined in section 1245(a)(3)), or ``(ii) at the election of the taxpayer, qualified real property (as defined in subsection (f)), and''. (2) Qualified real property defined.--Subsection (f) of section 179 is amended to read as follows: ``(f) Qualified Real Property.--For purposes of this section, the term `qualified real property' means-- ``(1) any qualified improvement property described in section 168(e)(6), and ``(2) any of the following improvements to nonresidential real property placed in service after the date such property was first placed in service: ``(A) Roofs. ``(B) Heating, ventilation, and air-conditioning property. ``(C) Fire protection and alarm systems. ``(D) Security systems.''. (c) Repeal of Exclusion for Certain Property.--The last sentence of section 179(d)(1) is amended by inserting ``(other than paragraph (2) thereof)'' after ``section 50(b)''. (d) Effective Date.--The amendments made by this section shall apply to property placed in service in taxable years beginning after December 31, 2017. SEC. 13102. MODIFICATIONS OF GROSS RECEIPTS TEST FOR USE OF CASH METHOD OF ACCOUNTING BY CORPORATIONS AND PARTNERSHIPS. (a) Modifications of Gross Receipts Test.-- (1) In general.--So much of section 448(c) as precedes paragraph (2) is amended to read as follows: ``(c) Gross Receipts Test.-- ``(1) In general.--A corporation or partnership meets the gross receipts test of this subsection for any taxable year if the average annual gross receipts of such entity for the 3-taxable-year period ending with the taxable year which precedes such taxable year does not exceed the applicable dollar limit.''. (2) Applicable dollar limit.--Subsection (c) of section 448 is amended by adding at the end the following new paragraph: ``(4) Applicable dollar limit.-- ``(A) In general.--The applicable dollar limit is $15,000,000. ``(B) Adjustment for inflation.--In the case of any taxable year beginning after December 31, 2018, the $15,000,000 amount under subparagraph (A) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.''. (3) Change in method of accounting.--Paragraph (7) of section 448(d) is amended-- (A) by striking ``In the case of'' and all that follows up to subparagraph (A) and inserting: ``If a taxpayer changes its method of accounting because the taxpayer is prohibited from using the cash receipts and disbursement method of accounting by reason of subsection (a) or is no longer prohibited [[Page S7769]] from using such method by reason of such subsection--'', and (B) by inserting ``and'' at the end of subparagraph (A), by striking ``, and'' at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C). (4) Conforming amendment.--Paragraph (3) of section 448(b) is amended to read as follows: ``(3) Entities satisfying gross receipts test.--Paragraphs (1) and (2) of subsection (a) shall not apply to any corporation or partnership for any taxable year if such entity meets the gross receipts test of subsection (c) for the taxable year.''. (b) Application of Modifications to Farming Corporations.-- (1) In general.--Paragraph (1) of section 447(d) is amended to read as follows: ``(1) In general.--A corporation meets the requirements of this subsection for any taxable year with respect to its gross receipts if the corporation meets the gross receipts test of section 448(c) for the taxable year.''. (2) Family corporations.--Paragraph (2) of section 447(d) is amended-- (A) by striking subparagraph (A) and inserting the following: ``(A) In general.--In the case of a family corporation, in applying section 448(c) for purposes of paragraph (1)-- ``(i) paragraph (1) of section 448(c) shall be applied by substituting the applicable family corporation limit for the applicable dollar limit, and ``(ii) the rules of subparagraph (B) shall apply in computing gross receipts.'', (B) in subparagraph (B)(i), by striking ``the last sentence of paragraph (1)'' and inserting ``paragraph (2) of section 448(c)'', and (C) by adding at the end the following new subparagraph: ``(D) Applicable family corporation limit.-- ``(i) In general.--The applicable family corporation limit is $25,000,000. ``(ii) Adjustment for inflation.--In the case of any taxable year beginning after December 31, 2018, the $25,000,000 amount under clause (i) shall be increased by an amount equal to-- ``(I) such dollar amount, multiplied by ``(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting `calendar year 2017' for `calendar year 2016' in subparagraph (A)(ii) thereof. If any amount as increased under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.''. (3) Exception for certain corporations.--Subsection (c) of section 447 is amended by inserting ``for any taxable year'' after ``not being a corporation''. (4) Change in method of accounting.--Section 447(f) is amended-- (A) by striking ``In the case of'' and all that follows up to paragraph (1) and inserting the following: ``If a taxpayer changes its method of accounting because the taxpayer is required to use an accrual method of accounting by reason of subsection (a) or is no longer required to use such method by reason of such subsection--'', and (B) by striking paragraph (2) and inserting the following: ``(2) such change shall be treated as initiated by the taxpayer, and''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13103. CLARIFICATION OF INVENTORY ACCOUNTING RULES FOR SMALL BUSINESSES. (a) Clarification of Inventory Rules.-- (1) In general.--Section 471 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection: ``(c) Small Business Taxpayers Not Required to Use Inventories.-- ``(1) In general.--A qualified taxpayer shall not be required to use inventories under this section for a taxable year. ``(2) Treatment of taxpayers not using inventories.--A qualified taxpayer who is not required under this subsection to use inventories with respect to any property for a taxable year beginning after December 31, 2017, may treat such property-- ``(A) as a non-incidental material or supply, or ``(B) in a manner which conforms to the taxpayer's method for accounting for such property in-- ``(i) an applicable financial statement (as defined in section 451(b)(3)), or ``(ii) in the case of a taxpayer that does not have an applicable financial statement, their books and records used for purposes of determining tax imposed by this title. ``(3) Qualified taxpayer.--For purposes of this subsection, the term `qualified taxpayer' means, with respect to any taxable year, a taxpayer who meets the gross receipts test of section 448(c) for the taxable year (or, in the case of a sole proprietorship, who would meet such test if such proprietorship were a corporation). Such term shall not include a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3). ``(4) Coordination with section 481.--If a taxpayer changes its method of accounting because the taxpayer is not required to use inventories by reason of paragraph (1) or is required to use inventories because such paragraph no longer applies to the taxpayer-- ``(A) such change shall be treated as initiated by the taxpayer, and ``(B) such change shall be treated as made with the consent of the Secretary.''. (2) Conforming amendment.--Subsection (c) of section 263A is amended by adding at the end the following new paragraph: ``(8) Exclusion from inventory rules.--Nothing in this section shall require the use of inventories for any taxable year by a qualified taxpayer (within the meaning of section 471(c)(3)) who is not required to use inventories under section 471 for such taxable year.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13104. MODIFICATION OF RULES FOR UNIFORM CAPITALIZATION OF CERTAIN EXPENSES. (a) In General.--Section 263A(b) is amended by striking all that follows paragraph (1) and inserting the following new paragraphs: ``(2) Property acquired for resale.--Real or personal property described in section 1221(a)(1) which is acquired by the taxpayer for resale. ``(3) Exception for small businesses.--This section shall not apply to any taxpayer who meets the gross receipts test under section 448(c) for the taxable year (or, in the case of a sole proprietorship, who would meet such test if such proprietorship were a corporation), other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3). ``(4) Films, sound recordings, books, etc.--For purposes of this subsection, the term `tangible personal property' shall include a film, sound recording, video tape, book, or similar property. ``(5) Coordination with section 481.--If a taxpayer changes its method of accounting because this section does not apply to the taxpayer by reason of the exception under paragraph (3) or this section applies to the taxpayer because such exception no longer applies to the taxpayer-- ``(A) such change shall be treated as initiated by the taxpayer, and ``(B) such change shall be treated as made with the consent of the Secretary.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13105. INCREASE IN GROSS RECEIPTS TEST FOR CONSTRUCTION CONTRACT EXCEPTION TO PERCENTAGE OF COMPLETION METHOD. (a) Increase.-- (1) In general.--Section 460(e)(1)(B) is amended-- (A) in the matter preceding clause (i), by inserting ``(other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3))'' after ``taxpayer'', and (B) by striking clause (ii) and inserting the following: ``(ii) who meets the gross receipts test of section 448(c) for the taxable year in which such contract is entered into (or, in the case of a sole proprietorship, who would meet such test if such proprietorship were a corporation).''. (2) Conforming amendments.-- (A) Section 460(e) is amended by striking paragraphs (2) and (3) and by redesignating paragraphs (4) through (6) as paragraphs (2) through (4), respectively. (B) The last sentence of section 56(a)(3) is amended by striking ``section 460(e)(6)'' and inserting ``section 460(e)(4)''. (b) Coordination With Section 481.--Section 460(e), as amended by subsection (a), is amended by adding at the end the following: ``(5) Coordination with section 481.--If a taxpayer changes its method of accounting because subsections (a), (b), (c)(1), and (c)(2) do not apply by reason of the exception under paragraph (1)(B) or such subsections apply to the taxpayer because such exception no longer applies to the taxpayer-- ``(A) such change shall be treated as initiated by the taxpayer, ``(B) such change shall be treated as made with the consent of the Secretary, and ``(C) such change shall be permitted only on a cut-off basis for all similarly classified contracts entered into on or after the year of change and no adjustments under section 481(a) shall be made.''. (c) Effective Date.--The amendment made by this section shall apply to contracts entered into after December 31, 2017, in taxable years ending after such date. PART III--COST RECOVERY AND ACCOUNTING METHODS Subpart A--Cost Recovery SEC. 13201. TEMPORARY 100-PERCENT EXPENSING FOR CERTAIN BUSINESS ASSETS. (a) Increased Expensing.-- (1) In general.--Section 168(k) is amended-- (A) in paragraph (1)(A), by striking ``50 percent'' and inserting ``the applicable percentage'', and (B) in paragraph (5)(A)(i), by striking ``50 percent'' and inserting ``the applicable percentage''. (2) Applicable percentage.--Paragraph (6) of section 168(k) is amended to read as follows: ``(6) Applicable percentage.--For purposes of this subsection-- ``(A) In general.--Except as otherwise provided in this paragraph, the term `applicable percentage' means-- [[Page S7770]] ``(i) in the case of property placed in service after September 27, 2017, and before January 1, 2023, 100 percent, ``(ii) in the case of property placed in service after December 31, 2022, and before January 1, 2024, 80 percent, ``(iii) in the case of property placed in service after December 31, 2023, and before January 1, 2025, 60 percent, ``(iv) in the case of property placed in service after December 31, 2024, and before January 1, 2026, 40 percent, and ``(v) in the case of property placed in service after December 31, 2025, and before January 1, 2027, 20 percent. ``(B) Rule for property with longer production periods.--In the case of property described in paragraph (2)(B) or (C), the term `applicable percentage' means-- ``(i) in the case of property placed in service after September 27, 2017, and before January 1, 2024, 100 percent, ``(ii) in the case of property placed in service after December 31, 2023, and before January 1, 2025, 80 percent, ``(iii) in the case of property placed in service after December 31, 2024, and before January 1, 2026, 60 percent, ``(iv) in the case of property placed in service after December 31, 2025, and before January 1, 2027, 40 percent, and ``(v) in the case of property placed in service after December 31, 2026, and before January 1, 2028, 20 percent. ``(C) Rule for plants bearing fruits and nuts.--In the case of a specified plant described in paragraph (5), the term `applicable percentage' means-- ``(i) in the case of a plant which is planted or grafted after September 27, 2017, and before January 1, 2023, 100 percent, ``(ii) in the case of a plant which is planted or grafted after December 31, 2022, and before January 1, 2024, 80 percent, ``(iii) in the case of a plant which is planted or grafted after December 31, 2023, and before January 1, 2025, 60 percent, ``(iv) in the case of a plant which is planted or grafted after December 31, 2024, and before January 1, 2026, 40 percent, and ``(v) in the case of a plant which is planted or grafted after December 31, 2025, and before January 1, 2027, 20 percent.''. (3) Conforming amendment.--Paragraph (5) of section 168(k) is amended by striking subparagraph (F). (b) Extension.-- (1) In general.--Section 168(k) is amended-- (A) in paragraph (2)-- (i) in subparagraph (A)(iii), clauses (i)(III) and (ii) of subparagraph (B), and subparagraph (E)(i), by striking ``January 1, 2020'' each place it appears and inserting ``January 1, 2027'', and (ii) in subparagraph (B)-- (I) in clause (i)(II), by striking ``January 1, 2021'' and inserting ``January 1, 2028'', and (II) in the heading of clause (ii), by striking ``pre- january 1, 2020'' and inserting ``pre-january 1, 2027'', and (B) in paragraph (5)(A), by striking ``January 1, 2020'' and inserting ``January 1, 2027''. (2) Conforming amendments.-- (A) Clause (ii) of section 460(c)(6)(B) is amended by striking ``January 1, 2020 (January 1, 2021'' and inserting ``January 1, 2027 (January 1, 2028''. (B) The heading of section 168(k) is amended by striking ``Acquired After December 31, 2007, and Before January 1, 2020''. (c) Exception for Public Utilities.--Section 168(k) is amended by adding at the end the following new paragraph: ``(8) Exception for certain property.--The term `qualified property' shall not include any property which is primarily used in a trade or business described in clause (iv) of section 163(j)(7)(A).''. (d) Special Rule.--Section 168(k), as amended by subsection (c), is amended by adding at the end the following new paragraph: ``(9) Special rule for property placed in service during certain periods.-- ``(A) In general.--In the case of qualified property placed in service by the taxpayer during the first taxable year ending after September 27, 2017, if the taxpayer elects to have this paragraph apply for such taxable year, paragraphs (1)(A) and (5)(A)(i) shall be applied by substituting `50 percent' for `the applicable percentage'. ``(B) Form of election.--Any election under this paragraph shall be made at such time and in such form and manner as the Secretary may prescribe.''. (e) Coordination With Section 280F.--Section 168(k)(2)(F) is amended by striking clause (iii). (f) Qualified Film and Television and Live Theatrical Productions.-- (1) In general.--Clause (i) of section 168(k)(2)(A), as amended by section 13204, is amended-- (A) in subclause (II), by striking ``or'', (B) in subclause (III), by adding ``or'' after the comma, and (C) by adding at the end the following: ``(IV) which is a qualified film or television production (as defined in subsection (d) of section 181) for which a deduction would have been allowable under section 181 without regard to subsections (a)(2) and (g) of such section or this subsection, or ``(V) which is a qualified live theatrical production (as defined in subsection (e) of section 181) for which a deduction would have been allowable under section 181 without regard to subsections (a)(2) and (g) of such section or this subsection,''. (2) Production placed in service.--Paragraph (2) of section 168(k) is amended by adding at the end the following: ``(H) Production placed in service.--For purposes of subparagraph (A)-- ``(i) a qualified film or television production shall be considered to be placed in service at the time of initial release or broadcast, and ``(ii) a qualified live theatrical production shall be considered to be placed in service at the time of the initial live staged performance.''. (g) Effective Dates.--The amendments made by this section shall apply to property placed in service, and specified plants planted or grafted after, after September 27, 2017, in taxable years ending after such date. SEC. 13202. MODIFICATIONS TO DEPRECIATION LIMITATIONS ON LUXURY AUTOMOBILES AND PERSONAL USE PROPERTY. (a) Luxury Automobiles.-- (1) In general.--280F(a)(1)(A) is amended-- (A) in clause (i), by striking ``$2,560'' and inserting ``$10,000'', (B) in clause (ii), by striking ``$4,100'' and inserting ``$16,000'', (C) in clause (iii), by striking ``$2,450'' and inserting ``$9,600'', and (D) in clause (iv), by striking ``$1,475'' and inserting ``$5,760''. (2) Conforming amendments.-- (A) Clause (ii) of section 280F(a)(1)(B) is amended by striking ``$1,475'' in the text and heading and inserting ``$5,760''. (B) Paragraph (7) of section 280F(d) is amended-- (i) in subparagraph (A), by striking ``1988'' and inserting ``2018'', and (ii) in subparagraph (B)(i)(II), by striking ``1987'' and inserting ``2017''. (b) Removal of Computer Equipment From Listed Property.-- (1) In general.--Section 280F(d)(4)(A) is amended-- (A) by inserting ``and'' at the end of clause (iii), (B) by striking clause (iv), and (C) by redesignating clause (v) as clause (iv). (2) Conforming amendment.--Section 280F(d)(4) is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B). (c) Effective Date.--The amendments made by this section shall apply to property placed in service after December 31, 2017, in taxable years ending after such date. SEC. 13203. MODIFICATIONS OF TREATMENT OF CERTAIN FARM PROPERTY. (a) Treatment of Certain Farm Property as 5-Year Property.--Clause (vii) of section 168(e)(3)(B) is amended by striking ``after December 31, 2008, and which is placed in service before January 1, 2010'' and inserting ``after December 31, 2017''. (b) Repeal of Required Use of 150-Percent Declining Balance Method.--Section 168(b)(2) is amended by striking subparagraph (B) and by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively. (c) Effective Date.--The amendments made by this section shall apply to property placed in service after December 31, 2017, in taxable years ending after such date. SEC. 13204. APPLICABLE RECOVERY PERIOD FOR REAL PROPERTY. (a) Residential Rental Property and Nonresidential Real Property.-- (1) Reduction of recovery period.--The table contained in section 168(c) is amended-- (A) by striking ``27.5 years'' and inserting ``25 years'', and (B) by striking ``39 years'' and inserting ``25 years''. (2) Statutory recovery period.--The table contained in section 467(e)(3)(A) is amended-- (A) by inserting ``(other than residential rental property and nonresidential real property)'' after ``15-year and 20- year property'', and (B) by striking ``19 years'' and inserting ``25 years''. (3) Conforming amendment.--Clause (ii) of section 168(e)(2)(B) is amended by striking ``27.5 years'' and inserting ``25 years''. (b) Improvements to Real Property.-- (1) Classification of qualified improvement property as 10- year property.--Subparagraph (D) of section 168(e)(3) is amended-- (A) in clause (iii), by striking ``and'', (B) in clause (iv), by striking the period and inserting ``, and'', and (C) by adding at the end the following new clause: ``(v) any qualified improvement property described in subsection (e)(6).''. (2) Elimination of qualified leasehold improvement, qualified restaurant, and qualified retail improvement property.--Subsection (e) of section 168 is amended-- (A) in subparagraph (E) of paragraph (3)-- (i) by striking clauses (iv), (v), and (ix), (ii) in clause (vii), by inserting ``and'' at the end, (iii) in clause (viii), by striking ``, and'' and inserting a period, and (iv) by redesignating clauses (vi), (vii), and (viii), as so amended, as clauses (iv), (v), and (vi), respectively, and (B) by striking paragraphs (6), (7), and (8). (3) Application of straight line method to qualified improvement property.--Paragraph (3) of section 168(b) is amended-- (A) by striking subparagraphs (G), (H), and (I), and [[Page S7771]] (B) by inserting after subparagraph (F) the following new subparagraph: ``(G) Qualified improvement property described in subsection (e)(6).''. (4) Alternative depreciation system.-- (A) Electing real property trade or business.--Subsection (g) of section 168 is amended-- (i) in paragraph (1)-- (I) in subparagraph (D), by striking ``and'' at the end, (II) in subparagraph (E), by inserting ``and'' at the end, and (III) by inserting after subparagraph (E) the following new subparagraph: ``(F) any property described in paragraph (8),'', and (ii) by adding at the end the following new paragraph: ``(8) Electing real property trade or business.--The property described in this paragraph shall consist of any nonresidential real property, residential rental property, and qualified improvement property held by an electing real property trade or business (as defined in 163(j)(7)(B)).''. (B) Qualified improvement property.--The table contained in subparagraph (B) of section 168(g)(3) is amended-- (i) by inserting after the item relating to subparagraph (D)(ii) the following new item: ``(D)(v)........................................................20''. , and (ii) by striking the item relating to subparagraph (E)(iv) and all that follows through the item relating to subparagraph (E)(ix) and inserting the following: ``(E)(iv).........................................................20 (E)(v)............................................................30 (E)(vi).........................................................35''. (C) Applicable recovery period for residential rental property.--The table contained in subparagraph (C) of section 168(g)(2) is amended by striking clauses (iii) and (iv) and inserting the following: ``(iii) Residential rental property.........................30 years (iv) Nonresidential real property...........................40 years (v) Any railroad grading or tunnel bore or water utility p50 years''. (5) Conforming amendments.-- (A) Clause (i) of section 168(k)(2)(A) is amended-- (i) in subclause (II), by inserting ``or'' after the comma, (ii) in subclause (III), by striking ``or'' at the end, and (iii) by striking subclause (IV). (B) Section 168 is amended-- (i) in subsection (e), as amended by paragraph (2)(B), by adding at the end the following: ``(6) Qualified improvement property.-- ``(A) In general.--The term `qualified improvement property' means any improvement to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service. ``(B) Certain improvements not included.--Such term shall not include any improvement for which the expenditure is attributable to-- ``(i) the enlargement of the building, ``(ii) any elevator or escalator, or ``(iii) the internal structural framework of the building.''. (ii) in subsection (k), by striking paragraph (3). (c) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after December 31, 2017. (2) Amendments related to electing real property trade or business.--The amendments made by subsection (b)(4)(A) shall apply to taxable years beginning after December 31, 2017. SEC. 13205. USE OF ALTERNATIVE DEPRECIATION SYSTEM FOR ELECTING FARMING BUSINESSES. (a) In General.--Section 168(g)(1), as amended by section 13204, is amended by striking ``and'' at the end of subparagraph (E), by inserting ``and'' at the end of subparagraph (F), and by inserting after subparagraph (F) the following new subparagraph: ``(G) any property with a recovery period of 10 years or more which is held by an electing farming business (as defined in section 163(j)(7)(C)),''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13206. AMORTIZATION OF RESEARCH AND EXPERIMENTAL EXPENDITURES. (a) In General.--Section 174 is amended to read as follows: ``SEC. 174. AMORTIZATION OF RESEARCH AND EXPERIMENTAL EXPENDITURES. ``(a) In General.--In the case of a taxpayer's specified research or experimental expenditures for any taxable year-- ``(1) except as provided in paragraph (2), no deduction shall be allowed for such expenditures, and ``(2) the taxpayer shall-- ``(A) charge such expenditures to capital account, and ``(B) be allowed an amortization deduction of such expenditures ratably over the 5-year period (15-year period in the case of any specified research or experimental expenditures which are attributable to foreign research (within the meaning of section 41(d)(4)(F))) beginning with the midpoint of the taxable year in which such expenditures are paid or incurred. ``(b) Specified Research or Experimental Expenditures.--For purposes of this section, the term `specified research or experimental expenditures' means, with respect to any taxable year, research or experimental expenditures which are paid or incurred by the taxpayer during such taxable year in connection with the taxpayer's trade or business. ``(c) Special Rules.-- ``(1) Land and other property.--This section shall not apply to any expenditure for the acquisition or improvement of land, or for the acquisition or improvement of property to be used in connection with the research or experimentation and of a character which is subject to the allowance under section 167 (relating to allowance for depreciation, etc.) or section 611 (relating to allowance for depletion); but for purposes of this section allowances under section 167, and allowances under section 611, shall be considered as expenditures. ``(2) Exploration expenditures.--This section shall not apply to any expenditure paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral (including oil and gas). ``(3) Software development.--For purposes of this section, any amount paid or incurred in connection with the development of any software shall be treated as a research or experimental expenditure. ``(d) Treatment Upon Disposition, Retirement, or Abandonment.--If any property with respect to which specified research or experimental expenditures are paid or incurred is disposed, retired, or abandoned during the period during which such expenditures are allowed as an amortization deduction under this section, no deduction shall be allowed with respect to such expenditures on account of such disposition, retirement, or abandonment and such amortization deduction shall continue with respect to such expenditures.''. (b) Change in Method of Accounting.--The amendments made by subsection (a) shall be treated as a change in method of accounting for purposes of section 481 of the Internal Revenue Code of 1986 and-- (1) such change shall be treated as initiated by the taxpayer, (2) such change shall be treated as made with the consent of the Secretary, and (3) such change shall be applied only on a cut-off basis for any research or experimental expenditures paid or incurred in taxable years beginning after December 31, 2025, and no adjustments under section 481(a) shall be made. (c) Clerical Amendment.--The table of sections for part VI of subchapter B of chapter 1 is amended by striking the item relating to section 174 and inserting the following new item: ``Sec. 174. Amortization of research and experimental expenditures.''. (d) Conforming Amendments.-- (1) Section 41(d)(1)(A) is amended by striking ``expenses under section 174'' and inserting ``specified research or experimental expenditures under section 174''. (2) Subsection (c) of section 280C is amended-- (A) by striking paragraph (1) and inserting the following: ``(1) In general.--If-- ``(A) the amount of the credit determined for the taxable year under section 41(a)(1), exceeds ``(B) the amount allowable as a deduction for such taxable year for qualified research expenses or basic research expenses, the amount chargeable to capital account for the taxable year for such expenses shall be reduced by the amount of such excess.'', (B) by striking paragraph (2), (C) by redesignating paragraphs (3) (as amended by this Act) and (4) as paragraphs (2) and (3), respectively, and (D) in paragraph (2), as redesignated by subparagraph (C), by striking ``paragraphs (1) and (2)'' and inserting ``paragraph (1)''. (e) Effective Date.--The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2025. SEC. 13207. EXPENSING OF CERTAIN COSTS OF REPLANTING CITRUS PLANTS LOST BY REASON OF CASUALTY. (a) In General.--Section 263A(d)(2) is amended by adding at the end the following new subparagraph: ``(C) Special temporary rule for citrus plants lost by reason of casualty.-- ``(i) In general.--In the case of the replanting of citrus plants, subparagraph (A) shall apply to amounts paid or incurred by a person (other than the taxpayer described in subparagraph (A)) if-- ``(I) the taxpayer described in subparagraph (A) has an equity interest of not less than 50 percent in the replanted citrus plants at all times during the taxable year in which such amounts were paid or incurred and such other person holds any part of the remaining equity interest, or ``(II) such other person acquired the entirety of such taxpayer's equity interest in the land on which the lost or damaged citrus plants were located at the time of such loss or damage, and the replanting is on such land. ``(ii) Termination.--Clause (i) shall not apply to any cost paid or incurred after the date which is 10 years after the date of the enactment of the Tax Cuts and Jobs Act.''. (b) Effective Date.--The amendment made by this section shall apply to costs [[Page S7772]] paid or incurred after the date of the enactment of this Act. Subpart B--Accounting Methods SEC. 13221. CERTAIN SPECIAL RULES FOR TAXABLE YEAR OF INCLUSION. (a) Inclusion Not Later Than for Financial Accounting Purposes.--Section 451 is amended by redesignating subsections (b) through (i) as subsections (c) through (j), respectively, and by inserting after subsection (a) the following new subsection: ``(b) Inclusion Not Later Than for Financial Accounting Purposes.-- ``(1) Income taken into account in financial statement.-- ``(A) In general.--In the case of a taxpayer the taxable income of which is computed under an accrual method of accounting, the all events test with respect to any item of gross income (or portion thereof) shall not be treated as met any later than when such item (or portion thereof) is taken into account as revenue in-- ``(i) an applicable financial statement of the taxpayer, or ``(ii) such other financial statement as the Secretary may specify for purposes of this subsection. ``(B) Exception.--This paragraph shall not apply to-- ``(i) a taxpayer which does not have a financial statement described in clause (i) or (ii) of subparagraph (A) for a taxable year, or ``(ii) any item of gross income in connection with a mortgage servicing contract. ``(C) All events test.--For purposes of this section, the all events test is met with respect to any item of gross income if all the events have occurred which fix the right to receive such income and the amount of such income can be determined with reasonable accuracy. ``(2) Coordination with special methods of accounting.-- Paragraph (1) shall not apply with respect to any item of gross income for which the taxpayer uses a special method of accounting provided under any other provision of this chapter, other than any provision of part V of subchapter P (except as provided in clause (ii) of paragraph (1)(B)). ``(3) Applicable financial statement.--For purposes of this subsection, the term `applicable financial statement' means-- ``(A) a financial statement which is certified as being prepared in accordance with generally accepted accounting principles and which is-- ``(i) a 10-K (or successor form), or annual statement to shareholders, required to be filed by the taxpayer with the United States Securities and Exchange Commission, ``(ii) an audited financial statement of the taxpayer which is used for-- ``(I) credit purposes, ``(II) reporting to shareholders, partners, or other proprietors, or to beneficiaries, or ``(III) any other substantial nontax purpose, but only if there is no statement of the taxpayer described in clause (i), or ``(iii) filed by the taxpayer with any other Federal agency for purposes other than Federal tax purposes, but only if there is no statement of the taxpayer described in clause (i) or (ii), ``(B) a financial statement which is made on the basis of international financial reporting standards and is filed by the taxpayer with an agency of a foreign government which is equivalent to the United States Securities and Exchange Commission and which has reporting standards not less stringent than the standards required by such Commission, but only if there is no statement of the taxpayer described in subparagraph (A), or ``(C) a financial statement filed by the taxpayer with any other regulatory or governmental body specified by the Secretary, but only if there is no statement of the taxpayer described in subparagraph (A) or (B). ``(4) Allocation of transaction price.--For purposes of this subsection, in the case of a contract which contains multiple performance obligations, the allocation of the transaction price to each performance obligation shall be equal to the amount allocated to each performance obligation for purposes of including such item in revenue in the applicable financial statement of the taxpayer. ``(5) Group of entities.--For purposes of paragraph (1), if the financial results of a taxpayer are reported on the applicable financial statement (as defined in paragraph (3)) for a group of entities, such statement may be treated as the applicable financial statement of the taxpayer.''. (b) Treatment of Advance Payments.--Section 451, as amended by subsection (a), is amended by redesignating subsections (c) through (j) as subsections (d) through (k), respectively, and by inserting after subsection (b) the following new subsection: ``(c) Treatment of Advance Payments.-- ``(1) In general.--A taxpayer which computes taxable income under the accrual method of accounting, and receives any advance payment during the taxable year, shall-- ``(A) except as provided in subparagraph (B), include such advance payment in gross income for such taxable year, or ``(B) if the taxpayer elects the application of this subparagraph with respect to the category of advance payments to which such advance payment belongs, the taxpayer shall-- ``(i) to the extent that any portion of such advance payment is required under subsection (b) to be included in gross income in the taxable year in which such payment is received, so include such portion, and ``(ii) include the remaining portion of such advance payment in gross income in the taxable year following the taxable year in which such payment is received. ``(2) Election.-- ``(A) In general.--Except as otherwise provided in this paragraph, the election under paragraph (1)(B) shall be made at such time, in such form and manner, and with respect to such categories of advance payments, as the Secretary may provide. ``(B) Period to which election applies.--An election under paragraph (1)(B) shall be effective for the taxable year with respect to which it is first made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to revoke such election. For purposes of this title, the computation of taxable income under an election made under paragraph (1)(B) shall be treated as a method of accounting. ``(3) Taxpayers ceasing to exist.--Except as otherwise provided by the Secretary, the election under paragraph (1)(B) shall not apply with respect to advance payments received by the taxpayer during a taxable year if such taxpayer ceases to exist during (or with the close of) such taxable year. ``(4) Advance payment.--For purposes of this subsection-- ``(A) In general.--The term `advance payment' means any payment-- ``(i) the full inclusion of which in the gross income of the taxpayer for the taxable year of receipt is a permissible method of accounting under this section (determined without regard to this subsection), ``(ii) any portion of which is included in revenue by the taxpayer in a financial statement described in clause (i) or (ii) of subsection (b)(1)(A) for a subsequent taxable year, and ``(iii) which is for goods, services, or such other items as may be identified by the Secretary for purposes of this clause. ``(B) Exclusions.--Except as otherwise provided by the Secretary, such term shall not include-- ``(i) rent, ``(ii) insurance premiums governed by subchapter L, ``(iii) payments with respect to financial instruments, ``(iv) payments with respect to warranty or guarantee contracts under which a third party is the primary obligor, ``(v) payments subject to section 871(a), 881, 1441, or 1442, ``(vi) payments in property to which section 83 applies, and ``(vii) any other payment identified by the Secretary for purposes of this subparagraph. ``(C) Receipt.--For purposes of this subsection, an item of gross income is received by the taxpayer if it is actually or constructively received, or if it is due and payable to the taxpayer. ``(D) Allocation of transaction price.--For purposes of this subsection, rules similar to subsection (b)(4) shall apply.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. (d) Coordination With Section 481.-- (1) In general.--In the case of any qualified change in method of accounting for the taxpayer's first taxable year beginning after December 31, 2017-- (A) such change shall be treated as initiated by the taxpayer, and (B) such change shall be treated as made with the consent of the Secretary of the Treasury. (2) Qualified change in method of accounting.--For purposes of this subsection, the term ``qualified change in method of accounting'' means any change in method of accounting which-- (A) is required by the amendments made by this section, or (B) was prohibited under the Internal Revenue Code of 1986 prior to such amendments and is permitted under such Code after such amendments. (e) Special Rules for Original Issue Discount.-- Notwithstanding subsection (c), in the case of income from a debt instrument having original issue discount-- (1) the amendments made by this section shall apply to taxable years beginning after December 31, 2018, and (2) the period for taking into account any adjustments under section 481 by reason of a qualified change in method of accounting (as defined in subsection (d)) shall be 6 years. PART IV--BUSINESS-RELATED EXCLUSIONS AND DEDUCTIONS SEC. 13301. LIMITATION ON DEDUCTION FOR INTEREST. (a) In General.--Section 163(j) is amended to read as follows: ``(j) Limitation on Business Interest.-- ``(1) In general.--The amount allowed as a deduction under this chapter for any taxable year for business interest shall not exceed the sum of-- ``(A) the business interest income of such taxpayer for such taxable year, plus ``(B) 30 percent of the adjusted taxable income of such taxpayer for such taxable year. The amount determined under subparagraph (B) shall not be less than zero. ``(2) Carryforward of disallowed business interest.--The amount of any business interest not allowed as a deduction for any taxable year by reason of paragraph (1) shall be treated as business interest paid or accrued in the succeeding taxable year. ``(3) Exemption for certain small businesses.--In the case of any taxpayer (other [[Page S7773]] than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under section 448(a)(3)) which meets the gross receipts test of section 448(c) for any taxable year, paragraph (1) shall not apply to such taxpayer for such taxable year. In the case of any taxpayer which is not a corporation or a partnership, the gross receipts test of section 448(c) shall be applied in the same manner as if such taxpayer were a corporation or partnership. ``(4) Application to partnerships, etc.-- ``(A) In general.--In the case of any partnership-- ``(i) this subsection shall be applied at the partnership level and any deduction for business interest shall be taken into account in determining the non-separately stated taxable income or loss of the partnership, and ``(ii) the adjusted taxable income of each partner of such partnership-- ``(I) shall be determined without regard to such partner's distributive share of any items of income, gain, deduction, or loss of such partnership, and ``(II) shall be increased by such partner's distributive share of such partnership's excess taxable income. For purposes of clause (ii)(II), a partner's distributive share of partnership excess taxable income shall be determined in the same manner as the partner's distributive share of nonseparately stated taxable income or loss of the partnership. ``(B) Special rules for carryforwards.-- ``(i) In general.--The amount of any business interest not allowed as a deduction to a partnership for any taxable year by reason of paragraph (1) for any taxable year-- ``(I) shall not be treated under paragraph (2) as business interest paid or accrued by the partnership in the succeeding taxable year, and ``(II) shall, subject to clause (ii), be treated as excess business interest which is allocated to each partner in the same manner as the non-separately stated taxable income or loss of the partnership. ``(ii) Treatment of excess business interest allocated to partners.--If a partner is allocated any excess business interest from a partnership under clause (i) for any taxable year-- ``(I) such excess business interest shall be treated as business interest paid or accrued by the partner in the next succeeding taxable year in which the partner is allocated excess taxable income from such partnership, but only to the extent of such excess taxable income, and ``(II) any portion of such excess business interest remaining after the application of subclause (I) shall, subject to the limitations of subclause (I), be treated as business interest paid or accrued in succeeding taxable years. For purposes of applying this paragraph, excess taxable income allocated to a partner from a partnership for any taxable year shall not be taken into account under paragraph (1)(A) with respect to any business interest other than excess business interest from the partnership until all such excess business interest for such taxable year and all preceding taxable years has been treated as paid or accrued under clause (ii). ``(iii) Basis adjustments.-- ``(I) In general.--The adjusted basis of a partner in a partnership interest shall be reduced (but not below zero) by the amount of excess business interest allocated to the partner under clause (i)(II). ``(II) Special rule for dispositions.--If a partner disposes of a partnership interest, the adjusted basis of the partner in the partnership interest shall be increased immediately before the disposition by the amount of the excess (if any) of the amount of the basis reduction under subclause (I) over the portion of any excess business interest allocated to the partner under clause (i)(II) which has previously been treated under clause (ii) as business interest paid or accrued by the partner. The preceding sentence shall also apply to transfers of the partnership interest (including by reason of death) in a transaction in which gain is not recognized in whole or in part. No deduction shall be allowed to the transferor or transferee under this chapter for any excess business interest resulting in a basis increase under this subclause. ``(C) Excess taxable income.--The term `excess taxable income' means, with respect to any partnership, the amount which bears the same ratio to the partnership's adjusted taxable income as-- ``(i) the excess (if any) of-- ``(I) the amount determined for the partnership under paragraph (1)(B), over ``(II) the amount (if any) by which the business interest of the partnership exceeds the business interest income of the partnership, bears to ``(ii) the amount determined for the partnership under paragraph (1)(B). ``(D) Application to s corporations.--Rules similar to the rules of subparagraphs (A) and (C) shall apply with respect to any S corporation and its shareholders. ``(5) Business interest.--For purposes of this subsection, the term `business interest' means any interest paid or accrued on indebtedness properly allocable to a trade or business. Such term shall not include investment interest (within the meaning of subsection (d)). ``(6) Business interest income.--For purposes of this subsection, the term `business interest income' means the amount of interest includible in the gross income of the taxpayer for the taxable year which is properly allocable to a trade or business. Such term shall not include investment income (within the meaning of subsection (d)). ``(7) Trade or business.--For purposes of this subsection-- ``(A) In general.--The term `trade or business' shall not include-- ``(i) the trade or business of performing services as an employee, ``(ii) any electing real property trade or business, ``(iii) any electing farming business, or ``(iv) the trade or business of the furnishing or sale of-- ``(I) electrical energy, water, or sewage disposal services, ``(II) gas or steam through a local distribution system, or ``(III) transportation of gas or steam by pipeline, if the rates for such furnishing or sale, as the case may be, have been established or approved by a State or political subdivision thereof, by any agency or instrumentality of the United States, by a public service or public utility commission or other similar body of any State or political subdivision thereof, or by the governing or ratemaking body of an electric cooperative. ``(B) Electing real property trade or business.--For purposes of this paragraph, the term `electing real property trade or business' means any trade or business which is described in section 469(c)(7)(C) and which makes an election under this subparagraph. Any such election shall be made at such time and in such manner as the Secretary shall prescribe, and, once made, shall be irrevocable. ``(C) Electing farming business.--For purposes of this paragraph, the term `electing farming business' means-- ``(i) a farming business (as defined in section 263A(e)(4)) which makes an election under this subparagraph, or ``(ii) any trade or business of a specified ***agricultural*** or horticultural cooperative (as defined in section 199A(g)(2)) with respect to which the cooperative makes an election under this subparagraph. Any such election shall be made at such time and in such manner as the Secretary shall prescribe, and, once made, shall be irrevocable. ``(8) Adjusted taxable income.--For purposes of this subsection, the term `adjusted taxable income' means the taxable income of the taxpayer-- ``(A) computed without regard to-- ``(i) any item of income, gain, deduction, or loss which is not properly allocable to a trade or business, ``(ii) any business interest or business interest income, ``(iii) the amount of any net operating loss deduction under section 172, and ``(iv) the amount of any deduction allowed under section 199 or 199A, and ``(B) computed with such other adjustments as provided by the Secretary. ``(9) Cross references.-- ``(A) For requirement that an electing real property trade or business use the alternative depreciation system, see section 168(g)(1)(F). ``(B) For requirement that an electing farming business use the alternative depreciation system, see section 168(g)(1)(G).''. (b) Treatment of Carryforward of Disallowed Business Interest in Certain Corporate Acquisitions.-- (1) In general.--Section 381(c) is amended by inserting after paragraph (19) the following new paragraph: ``(20) Carryforward of disallowed business interest.--The carryover of disallowed business interest described in section 163(j)(2) to taxable years ending after the date of distribution or transfer.''. (2) Application of limitation.--Section 382(d) is amended by adding at the end the following new paragraph: ``(3) Application to carryforward of disallowed interest.-- The term `pre-change loss' shall include any carryover of disallowed interest described in section 163(n) under rules similar to the rules of paragraph (1).''. (3) Conforming amendment.--Section 382(k)(1) is amended by inserting after the first sentence the following: ``Such term shall include any corporation entitled to use a carryforward of disallowed interest described in section 381(c)(20).''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13302. MODIFICATION OF NET OPERATING LOSS DEDUCTION. (a) Limitation on Deduction.-- (1) In general.--Section 172(a) is amended to read as follows: ``(a) Deduction Allowed.--There shall be allowed as a deduction for the taxable year an amount equal to the lesser of-- ``(1) the aggregate of the net operating loss carryovers to such year, plus the net operating loss carrybacks to such year, or ``(2) 90 percent (80 percent in the case of taxable years beginning after December 31, 2022) of taxable income computed without regard to the deduction allowable under this section. For purposes of this subtitle, the term `net operating loss deduction' means the deduction allowed by this subsection.''. (2) Coordination of limitation with carrybacks and carryovers.--Section 172(b)(2) is amended by striking ``shall be [[Page S7774]] computed--'' and all that follows and inserting ``shall-- ``(A) be computed with the modifications specified in subsection (d) other than paragraphs (1), (4), and (5) thereof, and by determining the amount of the net operating loss deduction without regard to the net operating loss for the loss year or for any taxable year thereafter, ``(B) not be considered to be less than zero, and ``(C) not exceed the amount determined under subsection (a)(2) for such prior taxable year.''. (3) Conforming amendment.--Section 172(d)(6) is amended by striking ``and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ``; and'', and by adding at the end the following new subparagraph: ``(C) subsection (a)(2) shall be applied by substituting `real estate investment trust taxable income (as defined in section 857(b)(2) but without regard to the deduction for dividends paid (as defined in section 561))' for `taxable income'.''. (b) Repeal of Net Operating Loss Carryback; Indefinite Carryforward.-- (1) In general.--Section 172(b)(1)(A) is amended-- (A) by striking ``shall be a net operating loss carryback to each of the 2 taxable years'' in clause (i) and inserting ``except as otherwise provided in this paragraph, shall not be a net operating loss carryback to any taxable year'', and (B) by striking ``to each of the 20 taxable years'' in clause (ii) and inserting ``to each taxable year''. (2) Conforming amendment.--Section 172(b)(1) is amended by striking subparagraphs (B) through (F). (c) Treatment of Farming Losses.-- (1) Allowance of carrybacks.--Section 172(b)(1), as amended by subsection (b)(2), is amended by adding at the end the following new subparagraph: ``(B) Farming losses.-- ``(i) In general.--In the case of any portion of a net operating loss for the taxable year which is a farming loss with respect to the taxpayer, such loss shall be a net operating loss carryback to each of the 2 taxable years preceding the taxable year of such loss. ``(ii) Farming loss.--For purposes of this section, the term `farming loss' means the lesser of-- ``(I) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to farming businesses (as defined in section 263A(e)(4)) are taken into account, or ``(II) the amount of the net operating loss for such taxable year. ``(iii) Coordination with paragraph (2).--For purposes of applying paragraph (2), a farming loss for any taxable year shall be treated as a separate net operating loss for such taxable year to be taken into account after the remaining portion of the net operating loss for such taxable year. ``(iv) Election.--Any taxpayer entitled to a 2-year carryback under clause (i) from any loss year may elect not to have such clause apply to such loss year. Such election shall be made in such manner as prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''. (2) Conforming amendments.-- (A) Section 172 is amended by striking subsections (f), (g), and (h), and by redesignating subsection (i) as subsection (f). (B) Section 537(b)(4) is amended by inserting ``(as in effect before the date of enactment of the Tax Cuts and Jobs Act)'' after ``as defined in section 172(f)''. (d) Treatment of Certain Insurance Losses.-- (1) Treatment of carryforwards and carrybacks.--Section 172(b)(1), as amended by subsections (b)(2) and (c)(1), is amended by adding at the end the following new subparagraph: ``(C) Insurance companies.--In the case of an insurance company (as defined in section 816(a)) other than a life insurance company, the net operating loss for any taxable year-- ``(i) shall be a net operating loss carryback to each of the 2 taxable years preceding the taxable year of such loss, and ``(ii) shall be a net operating loss carryover to each of the 20 taxable years following the taxable year of the loss.''. (2) Exemption from limitation.--Section 172, as amended by subsection (c)(2)(A), is amended by redesignating subsection (f) as subsection (g) and inserting after subsection (e) the following new subsection: ``(f) Special Rule for Insurance Companies.--In the case of an insurance company (as defined in section 816(a)) other than a life insurance company-- ``(1) the amount of the deduction allowed under subsection (a) shall be the aggregate of the net operating loss carryovers to such year, plus the net operating loss carrybacks to such year, and ``(2) subparagraph (C) of subsection (b)(2) shall not apply.''. (e) Effective Date.-- (1) Net operating loss limitation.--The amendments made by subsections (a) and (d)(2) shall apply to losses arising in taxable years beginning after December 31, 2017. (2) Carryforwards and carrybacks.--The amendments made by subsections (b), (c), and (d)(1) shall apply to net operating losses arising in taxable years ending after December 31, 2017. SEC. 13303. LIKE-KIND EXCHANGES OF REAL PROPERTY. (a) In General.--Section 1031(a)(1) is amended by striking ``property'' each place it appears and inserting ``real property''. (b) Conforming Amendments.-- (1)(A) Paragraph (2) of section 1031(a) is amended to read as follows: ``(2) Exception for real property held for sale.--This subsection shall not apply to any exchange of real property held primarily for sale.''. (B) Section 1031 is amended by striking subsection (i). (2) Section 1031 is amended by striking subsection (e). (3) Section 1031, as amended by paragraph (2), is amended by inserting after subsection (d) the following new subsection: ``(e) Application to Certain Partnerships.--For purposes of this section, an interest in a partnership which has in effect a valid election under section 761(a) to be excluded from the application of all of subchapter K shall be treated as an interest in each of the assets of such partnership and not as an interest in a partnership.''. (4) Section 1031(h) is amended to read as follows: ``(h) Special Rules for Foreign Real Property.--Real property located in the United States and real property located outside the United States are not property of a like kind.''. (5) The heading of section 1031 is amended by striking ``property'' and inserting ``real property''. (6) The table of sections for part III of subchapter O of chapter 1 is amended by striking the item relating to section 1031 and inserting the following new item: ``Sec. 1031. Exchange of real property held for productive use or investment.''. (c) Effective Date.-- (1) In general.--Except as otherwise provided in this subsection, the amendments made by this section shall apply to exchanges completed after December 31, 2017. (2) Transition rule.--The amendments made by this section shall not apply to any exchange if-- (A) the property disposed of by the taxpayer in the exchange is disposed of on or before December 31 2017, or (B) the property received by the taxpayer in the exchange is received on or before December 31, 2017. SEC. 13304. LIMITATION ON DEDUCTION BY EMPLOYERS OF EXPENSES FOR FRINGE BENEFITS. (a) No Deduction Allowed for Entertainment Expenses.-- (1) In general.--Section 274(a) is amended-- (A) in paragraph (1)(A), by striking ``unless'' and all that follows through ``trade or business,'', (B) by striking the flush sentence at the end of paragraph (1), and (C) by striking paragraph (2)(C). (2) Conforming amendments.-- (A) Section 274(d) is amended-- (i) by striking paragraph (2) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, and (ii) in the flush text following paragraph (3) (as so redesignated)-- (I) by striking ``, entertainment, amusement, recreation, or use of the facility or property,'' in item (B), and (II) by striking ``(D) the business relationship to the taxpayer of persons entertained, using the facility or property, or receiving the gift'' and inserting ``(D) the business relationship to the taxpayer of the person receiving the benefit'', (B) Section 274 is amended by striking subsection (l). (C) Section 274(n) is amended by striking ``and Entertainment'' in the heading. (D) Section 274(n)(1) is amended to read as follows: ``(1) In general.--The amount allowable as a deduction under this chapter for any expense for food or beverages shall not exceed 50 percent of the amount of such expense which would (but for this paragraph) be allowable as a deduction under this chapter.''. (E) Section 274(n)(2) is amended-- (i) in subparagraph (B), by striking ``in the case of an expense for food or beverages,'', (ii) by striking subparagraph (C) and redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively, (iii) by striking ``of subparagraph (E)'' the last sentence and inserting ``of subparagraph (D)'', and (iv) by striking ``in subparagraph (D)'' in the last sentence and inserting ``in subparagraph (C)''. (F) Clause (iv) of section 7701(b)(5)(A) is amended to read as follows: ``(iv) a professional athlete who is temporarily in the United States to compete in a sports event-- ``(I) which is organized for the primary purpose of benefiting an organization which is described in section 501(c)(3) and exempt from tax under section 501(a), ``(II) all of the net proceeds of which are contributed to such organization, and, ``(III) which utilizes volunteers for substantially all of the work performed in carrying out such event.''. (b) Only 50 Percent of Expenses for Meals Provided on or Near Business [[Page S7775]] Premises Allowed as Deduction.--Paragraph (2) of section 274(n), as amended by subsection (a), is amended-- (1) by striking subparagraph (B), (2) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively, (3) by striking ``of subparagraph (D)'' in the last sentence and inserting ``of subparagraph (C)'', and (4) by striking ``in subparagraph (C)'' in the last sentence and inserting ``in subparagraph (B)''. (c) Treatment of Transportation Benefits.--Section 274, as amended by subsection (a), is amended-- (1) in subsection (a)-- (A) in the heading, by striking ``or Recreation'' and inserting ``Recreation, or Qualified Transportation Fringes'', and (B) by adding at the end the following new paragraph: ``(4) Qualified transportation fringes.--No deduction shall be allowed under this chapter for the expense of any qualified transportation fringe (as defined in section 132(f)) provided to an employee of the taxpayer.'', and (2) by inserting after subsection (k) the following new subsection: ``(l) Transportation and Commuting Benefits.--No deduction shall be allowed under this chapter for any expense incurred for providing any transportation, or any payment or reimbursement, to an employee of the taxpayer in connection with travel between the employee's residence and place of employment, except as necessary for ensuring the safety of the employee.''. (d) Elimination of Deduction for Meals Provided at Convenience of Employer.--Section 274, as amended by subsection (c), is amended-- (1) by redesignating subsection (o) as subsection (p), and (2) by inserting after subsection (n) the following new subsection: ``(o) Meals Provided at Convenience of Employer.--No deduction shall be allowed under this chapter for-- ``(1) any expense for the operation of a facility described in section 132(e)(2), and any expense for food or beverages, including under section 132(e)(1), associated with such facility, or ``(2) any expense for meals described in section 119(a).''. (e) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to amounts incurred or paid after December 31, 2017. (2) Effective date for elimination of deduction for meals provided at convenience of employer.--The amendments made by subsection (d) shall apply to amounts incurred or paid after December 31, 2025. SEC. 13305. REPEAL OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES. (a) Repeal.-- (1) Taxpayers other than corporations.--Section 199 is amended by adding at the end the following new subsection: ``(e) Partial Termination for Taxpayers Other Than Corporations.--In the case of a taxpayer other than a C corporation, this section shall not apply to any taxable year beginning after December 31, 2017.''. (2) Certain special rules for cooperatives.--Section 199(d)(3) is amended by adding at the end the following new subparagraph: ``(G) Partial termination.--Subparagraphs (A) and (B) shall not apply to any taxable year beginning after December 31, 2017.''. (3) Total repeal.--Part VI of subchapter B of chapter 1, as amended by paragraphs (1) and (2), is amended by striking section 199 (and by striking the item relating to such section in the table of sections for such part). (b) Conforming Amendments.-- (1) Sections 74(d)(2)(B), 86(b)(2)(A), 135(c)(4)(A), 137(b)(3)(A), 219(g)(3)(A)(ii), 221(b)(2)(C), 222(b)(2)(C), 246(b)(1), and 469(i)(3)(F)(iii) are each amended by striking ``199,''. (2) Section 170(b)(2)(D), as amended by section 11011, is amended by striking clause (iv) and by redesignating clauses (v) and (vi) as redesignating clauses (iv) as clause (v), respectively. (3) Section 172(d) is amended by striking paragraph (7). (4) Section 613(a) is amended by striking ``and without the deduction under section 199''. (5) Section 613A(d)(1) is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D). (c) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2018. (2) Earlier termination for certain taxpayers.--The amendment made by paragraphs (1) and (2) of subsection (a) shall apply to taxable years beginning after December 31, 2017. SEC. 13306. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS. (a) Denial of Deduction.-- (1) In general.--Subsection (f) of section 162 is amended to read as follows: ``(f) Fines, Penalties, and Other Amounts.-- ``(1) In general.--Except as provided in the following paragraphs of this subsection, no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or governmental entity in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law. ``(2) Exception for amounts constituting restitution or paid to come into compliance with law.-- ``(A) In general.--Paragraph (1) shall not apply to any amount that-- ``(i) the taxpayer establishes-- ``(I) constitutes restitution (including remediation of property) for damage or harm which was or may be caused by the violation of any law or the potential violation of any law, or ``(II) is paid to come into compliance with any law which was violated or otherwise involved in the investigation or inquiry described in paragraph (1), ``(ii) is identified as restitution or as an amount paid to come into compliance with such law, as the case may be, in the court order or settlement agreement, and ``(iii) in the case of any amount of restitution for failure to pay any tax imposed under this title in the same manner as if such amount were such tax, would have been allowed as a deduction under this chapter if it had been timely paid. The identification under clause (ii) alone shall not be sufficient to make the establishment required under clause (i). ``(B) Limitation.--Subparagraph (A) shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation. ``(3) Exception for amounts paid or incurred as the result of certain court orders.--Paragraph (1) shall not apply to any amount paid or incurred by reason of any order of a court in a suit in which no government or governmental entity is a party. ``(4) Exception for taxes due.--Paragraph (1) shall not apply to any amount paid or incurred as taxes due. ``(5) Treatment of certain nongovernmental regulatory entities.--For purposes of this subsection, the following nongovernmental entities shall be treated as governmental entities: ``(A) Any nongovernmental entity which exercises self- regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)). ``(B) To the extent provided in regulations, any nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.''. (2) Effective date.--The amendment made by this subsection shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date. (b) Reporting of Deductible Amounts.-- (1) In general.--Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6050W the following new section: ``SEC. 6050X. INFORMATION WITH RESPECT TO CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS. ``(a) Requirement of Reporting.-- ``(1) In general.--The appropriate official of any government or any entity described in section 162(f)(5) which is involved in a suit or agreement described in paragraph (2) shall make a return in such form as determined by the Secretary setting forth-- ``(A) the amount required to be paid as a result of the suit or agreement to which paragraph (1) of section 162(f) applies, ``(B) any amount required to be paid as a result of the suit or agreement which constitutes restitution or remediation of property, and ``(C) any amount required to be paid as a result of the suit or agreement for the purpose of coming into compliance with any law which was violated or involved in the investigation or inquiry. ``(2) Suit or agreement described.-- ``(A) In general.--A suit or agreement is described in this paragraph if-- ``(i) it is-- ``(I) a suit with respect to a violation of any law over which the government or entity has authority and with respect to which there has been a court order, or ``(II) an agreement which is entered into with respect to a violation of any law over which the government or entity has authority, or with respect to an investigation or inquiry by the government or entity into the potential violation of any law over which such government or entity has authority, and ``(ii) the aggregate amount involved in all court orders and agreements with respect to the violation, investigation, or inquiry is $600 or more. ``(B) Adjustment of reporting threshold.--The Secretary shall adjust the $600 amount in subparagraph (A)(ii) as necessary in order to ensure the efficient administration of the internal revenue laws. ``(3) Time of filing.--The return required under this subsection shall be filed at the [[Page S7776]] time the agreement is entered into, as determined by the Secretary. ``(b) Statements To Be Furnished to Individuals Involved in the Settlement.--Every person required to make a return under subsection (a) shall furnish to each person who is a party to the suit or agreement a written statement showing-- ``(1) the name of the government or entity, and ``(2) the information supplied to the Secretary under subsection (a)(1). The written statement required under the preceding sentence shall be furnished to the person at the same time the government or entity provides the Secretary with the information required under subsection (a). ``(c) Appropriate Official Defined.--For purposes of this section, the term `appropriate official' means the officer or employee having control of the suit, investigation, or inquiry or the person appropriately designated for purposes of this section.''. (2) Conforming amendment.--The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050W the following new item: ``Sec. 6050X. Information with respect to certain fines, penalties, and other amounts.''. (3) Effective date.--The amendments made by this subsection shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendments shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date. SEC. 13307. DENIAL OF DEDUCTION FOR SETTLEMENTS SUBJECT TO NONDISCLOSURE AGREEMENTS PAID IN CONNECTION WITH SEXUAL HARASSMENT OR SEXUAL ABUSE. (a) Denial of Deduction.--Section 162 is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection: ``(q) Payments Related to Sexual Harassment and Sexual Abuse.--No deduction shall be allowed under this chapter for-- ``(1) any settlement or payment related to sexual harassment or sexual abuse if such settlement or payment is subject to a nondisclosure agreement, or ``(2) attorney's fees related to such a settlement or payment.''. (b) Effective Date.--The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act. SEC. 13309. REPEAL OF DEDUCTION FOR LOCAL LOBBYING EXPENSES. (a) In General.--Section 162(e) is amended by striking paragraphs (2) and (7) and by redesignating paragraphs (3), (4), (5), (6), and (8) as paragraphs (2), (3), (4), (5), and (6), respectively. (b) Conforming Amendment.--Section 6033(e)(1)(B)(ii) is amended by striking ``section 162(e)(5)(B)(ii)'' and inserting ``section 162(e)(4)(B)(ii)''. (c) Effective Date.--The amendments made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act. SEC. 13310. RECHARACTERIZATION OF CERTAIN GAINS IN THE CASE OF PARTNERSHIP PROFITS INTERESTS HELD IN CONNECTION WITH PERFORMANCE OF INVESTMENT SERVICES. (a) In General.--Part IV of subchapter O of chapter 1 is amended-- (1) by redesignating section 1061 as section 1062, and (2) by inserting after section 1060 the following new section: ``SEC. 1061. PARTNERSHIP INTERESTS HELD IN CONNECTION WITH PERFORMANCE OF SERVICES. ``(a) In General.--If one or more applicable partnership interests are held by a taxpayer at any time during the taxable year, the excess (if any) of-- ``(1) the taxpayer's net long-term capital gain with respect to such interests for such taxable year, over ``(2) the taxpayer's net long-term capital gain with respect to such interests for such taxable year computed by applying paragraphs (3) and (4) of sections 1222 by substituting `3 years' for `1 year', shall be treated as short-term capital gain, notwithstanding section 83 or any election in effect under section 83(b). ``(b) Special Rule.--To the extent provided by the Secretary, subsection (a) shall not apply to income or gain attributable to any asset not held for portfolio investment on behalf of third party investors. ``(c) Applicable Partnership Interest.--For purposes of this section-- ``(1) In general.--Except as provided in this paragraph or paragraph (4), the term `applicable partnership interest' means any interest in a partnership which, directly or indirectly, is transferred to (or is held by) the taxpayer in connection with the performance of substantial services by the taxpayer, or any other related person, in any applicable trade or business. The previous sentence shall not apply to an interest held by a person who is employed by another entity that is conducting a trade or business (other than an applicable trade or business) and only provides services to such other entity. ``(2) Applicable trade or business.--The term `applicable trade or business' means any activity conducted on a regular, continuous, and substantial basis which, regardless of whether the activity is conducted in one or more entities, consists, in whole or in part, of-- ``(A) raising or returning capital, and ``(B) either-- ``(i) investing in (or disposing of) specified assets (or identifying specified assets for such investing or disposition), or ``(ii) developing specified assets. ``(3) Specified asset.--The term `specified asset' means securities (as defined in section 475(c)(2) without regard to the last sentence thereof), commodities (as defined in section 475(e)(2)), real estate held for rental or investment, cash or cash equivalents, options or derivative contracts with respect to any of the foregoing, and an interest in a partnership to the extent of the partnership's proportionate interest in any of the foregoing. ``(4) Exceptions.--The term `applicable partnership interest' shall not include-- ``(A) any interest in a partnership directly or indirectly held by a corporation, or ``(B) any capital interest in the partnership which provides the taxpayer with a right to share in partnership capital commensurate with-- ``(i) the amount of capital contributed (determined at the time of receipt of such partnership interest), or ``(ii) the value of such interest subject to tax under section 83 upon the receipt or vesting of such interest. ``(5) Third party investor.--The term `third party investor' means a person who-- ``(A) holds an interest in the partnership which does not constitute property held in connection with an applicable trade or business; and ``(B) is not (and has not been) actively engaged, and is (and was) not related to a person so engaged, in (directly or indirectly) providing substantial services described in paragraph (1) for such partnership or any applicable trade or business. ``(d) Transfer of Applicable Partnership Interest to Related Person.-- ``(1) In general.--If a taxpayer transfers any applicable partnership interest, directly or indirectly, to a person related to the taxpayer, the taxpayer shall include in gross income (as short term capital gain) the excess (if any) of-- ``(A) so much of the taxpayer's long-term capital gains with respect to such interest for such taxable year attributable to the sale or exchange of any asset held for not more than 3 years as is allocable to such interest, over ``(B) any amount treated as short term capital gain under subsection (a) with respect to the transfer of such interest. ``(2) Related person.--For purposes of this paragraph, a person is related to the taxpayer if-- ``(A) the person is a member of the taxpayer's family within the meaning of section 318(a)(1), or ``(B) the person performed a service within the current calendar year or the preceding three calendar years in any applicable trade or business in which or for which the taxpayer performed a service. ``(e) Reporting.--The Secretary shall require such reporting (at the time and in the manner prescribed by the Secretary) as is necessary to carry out the purposes of this section. ``(f) Regulations.--The Secretary shall issue such regulations or other guidance as is necessary or appropriate to carry out the purposes of this section''. (b) Clerical Amendment.--The table of sections for part IV of subchapter O of chapter 1 is amended by striking the item relating to 1061 and inserting the following new items: ``Sec. 1061. Partnership interests held in connection with performance of services. ``Sec. 1062. Cross references.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13311. PROHIBITION ON CASH, GIFT CARDS, AND OTHER NON- TANGIBLE PERSONAL PROPERTY AS EMPLOYEE ACHIEVEMENT AWARDS. (a) In General.--Subparagraph (A) of section 274(j)(3) is amended-- (1) by striking ``The term'' and inserting the following: ``(i) In general.--The term''. (2) by redesignating clauses (i), (ii), and (iii) as subclauses (I), (II), and (III), respectively, and conforming the margins accordingly, and (3) by adding at the end the following new clause: ``(ii) Tangible personal property.--For purposes of clause (i), the term `tangible personal property' shall not include-- ``(I) cash, cash equivalents, gift cards, gift coupons, or gift certificates (other than arrangements conferring only the right to select and receive tangible personal property from a limited array of such items pre-selected or pre- approved by the employer), or ``(II) vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, and other similar items.''. (b) Effective Date.--The amendments made by this section shall apply to amounts paid or incurred after December 31, 2017. SEC. 13312. FLOOR ***PLAN*** FINANCING. (a) Application of Interest Limitation.-- (1) In general.--Section 163(j), as amended by section 13301, is amended-- [[Page S7777]] (A) in paragraph (1), by striking ``plus'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ``, plus'', and by inserting after subparagraph (B) the following new subparagraph: ``(C) the floor ***plan*** financing interest of such taxpayer for such taxable year.'', and (B) in paragraph (4)(C)(i)(II), by inserting ``, reduced by the floor ***plan*** financing interest,'' after ``business interest of the partnership'', and (C) by redesignating paragraph (9) as paragraph (10) and inserting after paragraph (8) the following new paragraph: ``(9) Floor ***plan*** financing interest defined.--For purposes of this subsection-- ``(A) In general.--The term `floor ***plan*** financing interest' means interest paid or accrued on floor ***plan*** financing indebtedness. ``(B) Floor ***plan*** financing indebtedness.--The term `floor ***plan*** financing indebtedness' means indebtedness-- ``(i) used to finance the acquisition of motor vehicles held for sale or lease, and ``(ii) secured by the inventory so acquired. ``(C) Motor vehicle.--The term `motor vehicle' means a motor vehicle that is any of the following: ``(i) An automobile. ``(ii) A truck. ``(iii) A recreational vehicle. ``(iv) A motorcycle. ``(v) Any self-propelled vehicle designed for transporting persons or property on a public street, highway, or road. ``(vi) A boat. ``(vii) Farm machinery or equipment.''. (2) Effective date.--The amendments made by this subsection shall apply to taxable years beginning after December 31, 2017. (b) Exception From 100 Percent Expensing.-- (1) In general.--Paragraph (6) of section 168(k), as added by section 13201(a)(4), is amended-- (A) by striking ``shall not include any property'' and inserting ``shall not include-- ``(A) any property'', and (B) by adding at the end the following new subparagraph: ``(B) any property used in a trade or business that has had floor ***plan*** financing indebtedness (as defined in paragraph (9) of section 163(j)), if the floor ***plan*** financing interest related to such indebtedness was taken into account under paragraph (1)(C) of such section.''. (2) Effective date.--The amendments made by this subsection shall apply to property placed in service after September 27, 2017, in taxable years ending after such date. SEC. 13313. ELIMINATION OF DEDUCTION FOR LIVING EXPENSES INCURRED BY MEMBERS OF CONGRESS. (a) In General.--Subsection (a) of section 162 is amended in the matter following paragraph (3) by striking ``in excess of $3,000''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act. PART V--BUSINESS CREDITS Subpart A--General Provisions SEC. 13401. MODIFICATION OF ORPHAN DRUG CREDIT. (a) Credit Rate.--Subsection (a) of section 45C is amended by striking ``50 percent'' and inserting ``27.5 percent''. (b) Election of Reduced Credit.--Subsection (b) of section 280C is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph: ``(3) Election of reduced credit.-- ``(A) In general.--In the case of any taxable year for which an election is made under this paragraph-- ``(i) paragraphs (1) and (2) shall not apply, and ``(ii) the amount of the credit under section 45C(a) shall be the amount determined under subparagraph (B). ``(B) Amount of reduced credit.--The amount of credit determined under this subparagraph for any taxable year shall be the amount equal to the excess of-- ``(i) the amount of credit determined under section 45C(a) without regard to this paragraph, over ``(ii) the product of-- ``(I) the amount described in clause (i), and ``(II) the maximum rate of tax under section 11(b). ``(C) Election.--An election under this paragraph for any taxable year shall be made not later than the time for filing the return of tax for such year (including extensions), shall be made on such return, and shall be made in such manner as the Secretary shall prescribe. Such an election, once made, shall be irrevocable.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13402. REHABILITATION CREDIT LIMITED TO CERTIFIED HISTORIC STRUCTURES. (a) In General.--Subsection (a) of section 47 is amended to read as follows: ``(a) General Rule.-- ``(1) In general.--For purposes of section 46, for any taxable year during the 5-year period beginning in the taxable year in which a qualified rehabilitated building is placed in service, the rehabilitation credit for such year is an amount equal to the ratable share for such year. ``(2) Ratable share.--For purposes of paragraph (1), the ratable share for any taxable year during the period described in such paragraph is the amount equal to 20 percent of the qualified rehabilitation expenditures with respect to the qualified rehabilitated building, as allocated ratably to each year during such period.''. (b) Conforming Amendments.-- (1) Section 47(c) is amended-- (A) in paragraph (1)-- (i) in subparagraph (A), by amending clause (iii) to read as follows: ``(iii) such building is a certified historic structure, and'', (ii) by striking subparagraph (B), and (iii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively, and (B) in paragraph (2)(B), by amending clause (iv) to read as follows: ``(iv) Certified historic structure.--Any expenditure attributable to the rehabilitation of a qualified rehabilitated building unless the rehabilitation is a certified rehabilitation (within the meaning of subparagraph (C)).''. (2) Paragraph (4) of section 145(d) is amended-- (A) by striking ``of section 47(c)(1)(C)'' each place it appears and inserting ``of section 47(c)(1)(B)'', and (B) by striking ``section 47(c)(1)(C)(i)'' and inserting ``section 47(c)(1)(B)(i)''. (c) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to amounts paid or incurred after December 31, 2017. (2) Transition rule.--In the case of qualified rehabilitation expenditures with respect to any building-- (A) owned or leased by the taxpayer during the entirety of the period after December 31, 2017, and (B) with respect to which the 24-month period selected by the taxpayer under section 47(c)(1)(B) of the Internal Revenue Code of 1986 (as amended by subsection (b)) begins not later than 180 days after the date of the enactment of this Act, the amendments made by this section shall apply to such expenditures paid or incurred after the end of the taxable year in which the 24-month period referred to in subparagraph (B) ends. SEC. 13403. EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE. (a) In General.-- (1) Allowance of credit.--Subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section: ``SEC. 45S. EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE. ``(a) Establishment of Credit.-- ``(1) In general.--For purposes of section 38, in the case of an eligible employer, the paid family and medical leave credit is an amount equal to the applicable percentage of the amount of wages paid to qualifying employees during any period in which such employees are on family and medical leave. ``(2) Applicable percentage.--For purposes of paragraph (1), the term `applicable percentage' means 12.5 percent increased (but not above 25 percent) by 0.25 percentage points for each percentage point by which the rate of payment (as described under subsection (c)(1)(B)) exceeds 50 percent. ``(b) Limitation.-- ``(1) In general.--The credit allowed under subsection (a) with respect to any employee for any taxable year shall not exceed an amount equal to the product of the normal hourly wage rate of such employee for each hour (or fraction thereof) of actual services performed for the employer and the number of hours (or fraction thereof) for which family and medical leave is taken. ``(2) Non-hourly wage rate.--For purposes of paragraph (1), in the case of any employee who is not paid on an hourly wage rate, the wages of such employee shall be prorated to an hourly wage rate under regulations established by the Secretary. ``(3) Maximum amount of leave subject to credit.--The amount of family and medical leave that may be taken into account with respect to any employee under subsection (a) for any taxable year shall not exceed 12 weeks. ``(c) Eligible Employer.--For purposes of this section-- ``(1) In general.--The term `eligible employer' means any employer who has in place a policy that meets the following requirements: ``(A) The policy provides-- ``(i) in the case of a qualifying employee who is not a part-time employee (as defined in section 4980E(d)(4)(B)), not less than 2 weeks of annual paid family and medical leave, and ``(ii) in the case of a qualifying employee who is a part- time employee, an amount of annual paid family and medical leave that is not less than an amount which bears the same ratio to the amount of annual paid family and medical leave that is provided to a qualifying employee described in clause (i) as-- ``(I) the number of hours the employee is expected to work during any week, bears to ``(II) the number of hours an equivalent qualifying employee described in clause (i) is expected to work during the week. ``(B) The policy requires that the rate of payment under the ***program*** is not less than 50 percent of the wages normally paid to such employee for services performed for the employer. ``(2) Special rule for certain employers.-- ``(A) In general.--An added employer shall not be treated as an eligible employer unless [[Page S7778]] such employer provides paid family and medical leave in compliance with a policy which ensures that the employer-- ``(i) will not interfere with, restrain, or deny the exercise of or the attempt to exercise, any right provided under the policy, and ``(ii) will not discharge or in any other manner discriminate against any individual for opposing any practice prohibited by the policy. ``(B) Added employer; added employee.--For purposes of this paragraph-- ``(i) Added employee.--The term `added employee' means a qualifying employee who is not covered by title I of the Family and Medical Leave Act of 1993, as amended. ``(ii) Added employer.--The term `added employer' means an eligible employer (determined without regard to this paragraph), whether or not covered by that title I, who offers paid family and medical leave to added employees. ``(3) Aggregation rule.--All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer. ``(4) Treatment of benefits mandated or paid for by state or local governments.--For purposes of this section, any leave which is paid by a State or local government or required by State or local law shall not be taken into account in determining the amount of paid family and medical leave provided by the employer. ``(5) No inference.--Nothing in this subsection shall be construed as subjecting an employer to any penalty, liability, or other consequence (other than ineligibility for the credit allowed by reason of subsection (a) or recapturing the benefit of such credit) for failure to comply with the requirements of this subsection. ``(d) Qualifying Employees.--For purposes of this section, the term `qualifying employee' means any employee (as defined in section 3(e) of the Fair Labor Standards Act of 1938, as amended) who-- ``(1) has been employed by the employer for 1 year or more, and ``(2) for the preceding year, had compensation not in excess of an amount equal to 60 percent of the amount applicable for such year under clause (i) of section 414(q)(1)(B). ``(e) Family and Medical Leave.-- ``(1) In general.--Except as provided in paragraph (2), for purposes of this section, the term `family and medical leave' means leave for any 1 or more of the purposes described under subparagraph (A), (B), (C), (D), or (E) of paragraph (1), or paragraph (3), of section 102(a) of the Family and Medical Leave Act of 1993, as amended, whether the leave is provided under that Act or by a policy of the employer. ``(2) Exclusion.--If an employer provides paid leave as vacation leave, personal leave, or medical or sick leave (other than leave specifically for 1 or more of the purposes referred to in paragraph (1)), that paid leave shall not be considered to be family and medical leave under paragraph (1). ``(3) Definitions.--In this subsection, the terms `vacation leave', `personal leave', and `medical or sick leave' mean those 3 types of leave, within the meaning of section 102(d)(2) of that Act. ``(f) Determinations Made by Secretary of Treasury.--For purposes of this section, any determination as to whether an employer or an employee satisfies the applicable requirements for an eligible employer (as described in subsection (c)) or qualifying employee (as described in subsection (d)), respectively, shall be made by the Secretary based on such information, to be provided by the employer, as the Secretary determines to be necessary or appropriate. ``(g) Wages.--For purposes of this section, the term `wages' has the meaning given such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section). Such term shall not include any amount taken into account for purposes of determining any other credit allowed under this subpart. ``(h) Election to Have Credit Not Apply.-- ``(1) In general.--A taxpayer may elect to have this section not apply for any taxable year. ``(2) Other rules.--Rules similar to the rules of paragraphs (2) and (3) of section 51(j) shall apply for purposes of this subsection. ``(i) Termination.--This section shall not apply to wages paid in taxable years beginning after December 31, 2019.''. (b) Credit Part of General Business Credit.--Section 38(b) is amended by striking ``plus'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting ``, plus'', and by adding at the end the following new paragraph: ``(37) in the case of an eligible employer (as defined in section 45S(c)), the paid family and medical leave credit determined under section 45S(a).''. (c) Credit Allowed Against AMT.--Subparagraph (B) of section 38(c)(4) is amended by redesignating clauses (ix) through (xi) as clauses (x) through (xii), respectively, and by inserting after clause (viii) the following new clause: ``(ix) the credit determined under section 45S,''. (d) Conforming Amendments.-- (1) Denial of double benefit.--Section 280C(a) is amended by inserting ``45S(a),'' after ``45P(a),''. (2) Election to have credit not apply.--Section 6501(m) is amended by inserting ``45S(h),'' after ``45H(g),''. (3) Clerical amendment.--The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item: ``Sec. 45S. Employer credit for paid family and medical leave.''. (e) Effective Date.--The amendments made by this section shall apply to wages paid in taxable years beginning after December 31, 2017. Subpart B--Provisions Relating to Low-income Housing Credit SEC. 13411. TREATMENT OF VETERANS' PREFERENCE AS NOT VIOLATING GENERAL PUBLIC USE REQUIREMENTS. (a) In General.--Subparagraph (C) of section 42(g)(9) is amended to read as follows: ``(C) who are veterans of the Armed Forces.''. (b) Effective Date.--The amendment made by this section shall apply to buildings placed in service before, on, or after the date of the enactment of this Act. SEC. 13412. INCREASE IN CREDIT FOR CERTAIN RURAL HOUSING. (a) In General.--Section 42(d)(5)(B) is amended by adding at the end the following new clause: ``(vi) Certain new buildings in rural areas.--For purposes of clause (i), a building described in subsection (b)(1)(B)(i) which is located in a rural area (as defined in section 520 of the Housing Act of 1949) shall be treated in the same manner as a new building located in a difficult development area which is designated for purposes of this subparagraph.''. (b) Offset.--Section 42(d)(5)(B)(i) is amended by striking ``130 percent'' both places it appears in subclauses (I) and (II) and inserting ``125 percent''. (c) Effective Date.--The amendments made by this section shall apply to buildings placed in service after the date of the enactment of this Act. PART VI--PROVISIONS RELATED TO SPECIFIC ENTITIES AND INDUSTRIES Subpart A--Partnership Provisions SEC. 13501. TREATMENT OF GAIN OR LOSS OF FOREIGN PERSONS FROM SALE OR EXCHANGE OF INTERESTS IN PARTNERSHIPS ENGAGED IN TRADE OR BUSINESS WITHIN THE UNITED STATES. (a) In General.--Section 864(c) is amended by adding at the end the following: ``(8) Gain or loss of foreign persons from sale or exchange of certain partnership interests.-- ``(A) In general.--Notwithstanding any other provision of this subtitle, if a nonresident alien individual or foreign corporation owns, directly or indirectly, an interest in a partnership which is engaged in any trade or business within the United States, gain or loss on the sale or exchange of all (or any portion of) such interest shall be treated as effectively connected with the conduct of such trade or business to the extent such gain or loss does not exceed the amount determined under subparagraph (B). ``(B) Amount treated as effectively connected.--The amount determined under this subparagraph with respect to any partnership interest sold or exchanged-- ``(i) in the case of any gain on the sale or exchange of the partnership interest, is-- ``(I) the portion of the partner's distributive share of the amount of gain which would have been effectively connected with the conduct of a trade or business within the United States if the partnership had sold all of its assets at their fair market value as of the date of the sale or exchange of such interest, or ``(II) zero if no gain on such deemed sale would have been so effectively connected, and ``(ii) in the case of any loss on the sale or exchange of the partnership interest, is-- ``(I) the portion of the partner's distributive share of the amount of loss on the deemed sale described in clause (i)(I) which would have been so effectively connected, or ``(II) zero if no loss on such deemed sale would be have been so effectively connected. For purposes of this subparagraph, a partner's distributive share of gain or loss on the deemed sale shall be determined in the same manner as such partner's distributive share of the non-separately stated taxable income or loss of such partnership. ``(C) Coordination with united states real property interests.--If a partnership described in subparagraph (A) holds any United States real property interest (as defined in section 897(c)) at the time of the sale or exchange of the partnership interest, then the gain or loss treated as effectively connected income under subparagraph (A) shall be reduced by the amount so treated with respect to such United States real property interest under section 897. ``(D) Sale or exchange.--For purposes of this paragraph, an individual or corporation shall be treated as having sold or exchanged any interest in a partnership if, under any provision of this subtitle, gain or loss is realized from the sale or exchange of such interest. ``(E) Secretarial authority.--The Secretary shall prescribe such regulations as the Secretary determines appropriate for the application of this paragraph, including regulations which provide that, notwithstanding subparagraph (D), this paragraph applies in a case even if gain or loss from a sale or exchange would not be realized under any other provision of this subtitle.''. (b) Withholding Requirements.--Section 1446 is amended by redesignating subsection [[Page S7779]] (f) as subsection (g) and by inserting after subsection (e) the following: ``(f) Special Rules for Withholding on Sales of Partnership Interests.-- ``(1) In general.--Except as provided in this subsection, if any portion of the gain (if any) on any disposition of an interest in a partnership would be treated under section 864(c)(8) as effectively connected with the conduct of a trade or business within the United States, the transferee shall be required to deduct and withhold a tax equal to 10 percent of the amount realized on the disposition. ``(2) Exception if nonforeign affidavit furnished.-- ``(A) In general.--No person shall be required to deduct and withhold any amount under paragraph (1) with respect to any disposition if the transferor furnishes to the transferee an affidavit by the transferor stating, under penalty of perjury, the transferor's United States taxpayer identification number and that the transferor is not a foreign person. ``(B) False affidavit.--Subparagraph (A) shall not apply to any disposition if-- ``(i) the transferee has actual knowledge that the affidavit is false, or the transferee receives a notice (as described in section 1445(d)) from a transferor's agent or transferee's agent that such affidavit or statement is false, or ``(ii) the Secretary by regulations requires the transferee to furnish a copy of such affidavit or statement to the Secretary and the transferee fails to furnish a copy of such affidavit or statement to the Secretary at such time and in such manner as required by such regulations. ``(C) Rules for agents.--The rules of section 1445(d) shall apply to a transferor's agent or transferee's agent with respect to any affidavit described in subparagraph (A) in the same manner as such rules apply with respect to the disposition of a United States real property interest under such section. ``(3) Authority of secretary to prescribe reduced amount.-- At the request of the transferor or transferee, the Secretary may prescribe a reduced amount to be withheld under this section if the Secretary determines that to substitute such reduced amount will not jeopardize the collection of the tax imposed under this title with respect to gain treated under section 864(c)(8) as effectively connected with the conduct of a trade or business with in the United States. ``(4) Partnership to withhold amounts not withheld by the transferee.--If a transferee fails to withhold any amount required to be withheld under paragraph (1), the partnership shall be required to deduct and withhold from distributions to the transferee a tax in an amount equal to the amount the transferee failed to withhold (plus interest under this title on such amount). ``(5) Definitions.--Any term used in this subsection which is also used under section 1445 shall have the same meaning as when used in such section. ``(6) Regulations.--The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations providing for exceptions from the provisions of this subsection.''. (c) Effective Date.--The amendments made by this section shall apply to sales and exchanges on or after November 27, 2017. SEC. 13502. MODIFY DEFINITION OF SUBSTANTIAL BUILT-IN LOSS IN THE CASE OF TRANSFER OF PARTNERSHIP INTEREST. (a) In General.--Paragraph (1) of section 743(d) is to read as follows: ``(1) In general.--For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in the partnership if-- ``(A) the partnership's adjusted basis in the partnership property exceeds by more than $250,000 the fair market value of such property, or ``(B) the transferee partner would be allocated a loss of more than $250,000 if the partnership assets were sold for cash equal to their fair market value immediately after such transfer.''. (b) Effective Date.--The amendments made by this section shall apply to transfers of partnership interests after December 31, 2017. SEC. 13503. CHARITABLE CONTRIBUTIONS AND FOREIGN TAXES TAKEN INTO ACCOUNT IN DETERMINING LIMITATION ON ALLOWANCE OF PARTNER'S SHARE OF LOSS. (a) In General.--Subsection (d) of section 704 is amended-- (1) by striking ``A partner's distributive share'' and inserting the following: ``(1) In general.--A partner's distributive share'', (2) by striking ``Any excess of such loss'' and inserting the following: ``(2) Carryover.--Any excess of such loss'', and (3) by adding at the end the following new paragraph: ``(3) Special rules.-- ``(A) In general.--In determining the amount of any loss under paragraph (1), there shall be taken into account the partner's distributive share of amounts described in paragraphs (4) and (6) of section 702(a). ``(B) Exception.--In the case of a charitable contribution of property whose fair market value exceeds its adjusted basis, subparagraph (A) shall not apply to the extent of the partner's distributive share of such excess.''. (b) Effective Date.--The amendments made by this section shall apply to partnership taxable years beginning after December 31, 2017. Subpart B--Insurance Reforms SEC. 13511. NET OPERATING LOSSES OF LIFE INSURANCE COMPANIES. (a) In General.--Section 805(b) is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4). (b) Conforming Amendments.-- (1) Part I of subchapter L of chapter 1 is amended by striking section 810 (and by striking the item relating to such section in the table of sections for such part). (2)(A) Part III of subchapter L of chapter 1 is amended by striking section 844 (and by striking the item relating to such section in the table of sections for such part). (B) Section 831(b)(3) is amended by striking ``except as provided in section 844,'' (3) Section 381 is amended by striking subsection (d). (4) Section 805(a)(4)(B)(ii) is amended to read as follows: ``(ii) the deduction allowed under section 172,''. (5) Section 805(a) is amended by striking paragraph (5). (6) Section 805(b)(2)(A)(iv) is amended to read as follows: ``(iv) any net operating loss carryback to the taxable year under section 172, and''. (7) Section 953(b)(1)(B) is amended to read as follows: ``(B) So much of section 805(a)(8) as relates to the deduction allowed under section 172.''. (8) Section 1351(i)(3) is amended by striking ``or the operations loss deduction under section 810,''. (c) Effective Date.--The amendments made by this section shall apply to losses arising in taxable years beginning after December 31, 2017. SEC. 13512. REPEAL OF SMALL LIFE INSURANCE COMPANY DEDUCTION. (a) In General.--Part I of subchapter L of chapter 1 is amended by striking section 806 (and by striking the item relating to such section in the table of sections for such part). (b) Conforming Amendments.-- (1) Section 453B(e) is amended-- (A) by striking ``(as defined in section 806(b)(3))'' in paragraph (2)(B), and (B) by adding at the end the following new paragraph: ``(3) Noninsurance business.-- ``(A) In general.--For purposes of this subsection, the term `noninsurance business' means any activity which is not an insurance business. ``(B) Certain activities treated as insurance businesses.-- For purposes of subparagraph (A), any activity which is not an insurance business shall be treated as an insurance business if-- ``(i) it is of a type traditionally carried on by life insurance companies for investment purposes, but only if the carrying on of such activity (other than in the case of real estate) does not constitute the active conduct of a trade or business, or ``(ii) it involves the performance of administrative services in connection with ***plans*** providing life insurance, pension, or accident and health benefits.''. (2) Section 465(c)(7)(D)(v)(II) is amended by striking ``section 806(b)(3)'' and inserting ``section 453B(e)(3)''. (3) Section 801(a)(2) is amended by striking subparagraph (C). (4) Section 804 is amended by striking ``means--'' and all that follows and inserting ``means the general deductions provided in section 805.''. (5) Section 805(a)(4)(B), as amended by this Act, is amended by striking clause (i) and by redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively. (6) Section 805(b)(2)(A), as amended by this Act, is amended by striking clause (iii) and by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively. (7) Section 842(c) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively. (8) Section 953(b)(1), as amended by section 13511, is amended by striking subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13513. ADJUSTMENT FOR CHANGE IN COMPUTING RESERVES. (a) In General.--Paragraph (1) of section 807(f) is amended to read as follows: ``(1) Treatment as change in method of accounting.--If the basis for determining any item referred to in subsection (c) as of the close of any taxable year differs from the basis for such determination as of the close of the preceding taxable year, then so much of the difference between-- ``(A) the amount of the item at the close of the taxable year, computed on the new basis, and ``(B) the amount of the item at the close of the taxable year, computed on the old basis, as is attributable to contracts issued before the taxable year shall be taken into account under section 481 as adjustments attributable to a change in method of accounting initiated by the taxpayer and made with the consent of the Secretary.''. [[Page S7780]] (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13514. REPEAL OF SPECIAL RULE FOR DISTRIBUTIONS TO SHAREHOLDERS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT. (a) In General.--Subpart D of part I of subchapter L is amended by striking section 815 (and by striking the item relating to such section in the table of sections for such subpart). (b) Conforming Amendment.--Section 801 is amended by striking subsection (c). (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. (d) Phased Inclusion of Remaining Balance of Policyholders Surplus Accounts.--In the case of any stock life insurance company which has a balance (determined as of the close of such company's last taxable year beginning before January 1, 2018) in an existing policyholders surplus account (as defined in section 815 of the Internal Revenue Code of 1986, as in effect before its repeal), the tax imposed by section 801 of such Code for the first 8 taxable years beginning after December 31, 2017, shall be the amount which would be imposed by such section for such year on the sum of-- (1) life insurance company taxable income for such year (within the meaning of such section 801 but not less than zero), plus (2) \1/8\ of such balance. SEC. 13515. MODIFICATION OF PRORATION RULES FOR PROPERTY AND CASUALTY INSURANCE COMPANIES. (a) In General.--Section 832(b)(5)(B) is amended-- (1) by striking ``15 percent'' and inserting ``the applicable percentage'', and (2) by inserting at the end the following new sentence: ``For purposes of this subparagraph, the applicable percentage is 5.25 percent divided by the highest rate in effect under section 11(b).''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13516. REPEAL OF SPECIAL ESTIMATED TAX PAYMENTS. (a) In General.--Part III of subchapter L of chapter 1 is amended by striking section 847 (and by striking the item relating to such section in the table of sections for such part). (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13517. COMPUTATION OF LIFE INSURANCE TAX RESERVES. (a) In General.-- (1) Computation of reserves.--Section 807(c) is amended to read as follows: ``(c) Items Taken Into Account.--The items referred to in subsections (a) and (b) are as follows-- ``(1) The life insurance reserves (as defined in section 816(b)). ``(2) The unearned premiums and unpaid losses included in total reserves under section 816(c)(2). ``(3) The amounts (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made under this paragraph) life, accident, or health contingencies. ``(4) Dividend accumulations, and other amounts, held at interest in connection with insurance and annuity contracts. ``(5) Premiums received in advance, and liabilities for premium deposit funds. ``(6) Reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or a combination thereof. For purposes of paragraph (3), the appropriate rate of interest is the highest rate or rates permitted to be used to discount the obligations by the National Association of Insurance Commissioners as of the date the reserve is determined. In no case shall the amount determined under paragraph (3) for any contract be less than the net surrender value of such contract. For purposes of paragraph (2) and section 805(a)(1), the amount of the unpaid losses (other than losses on life insurance contracts) shall be the amount of the discounted unpaid losses as defined in section 846.''. (2) Section 807(d) is amended-- (A) by striking paragraphs (1), (2), (4), and (5), (B) by redesignating paragraph (6) as paragraph (4), (C) by inserting before paragraph (3) the following new paragraphs: ``(1) Determination of reserve.-- ``(A) In general.--For purposes of this part (other than section 816), the amount of the life insurance reserves for any contract (other than a contract to which subparagraph (B) applies) shall be the greater of-- ``(i) the net surrender value of such contract, or ``(ii) 92.87 percent of the reserve determined under paragraph (2). ``(B) Variable contracts.--For purposes of this part (other than section 816), the amount of the life insurance reserves for a variable contract shall be equal to the sum of-- ``(i) the greater of-- ``(I) the net surrender value of such contract, or ``(II) the portion of the reserve that is separately accounted for under section 817, plus ``(ii) 92.87 percent of the excess (if any) of the reserve determined under paragraph (2) over the amount in clause (i). ``(C) Statutory cap.--In no event shall the reserves determined under subparagraphs (A) or (B) for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining statutory reserves (as defined in paragraph (4)). ``(2) Amount of reserve.--The amount of the reserve determined under this paragraph with respect to any contract shall be determined by using the tax reserve method applicable to such contract.'', (D) by striking ``(as of the date of issuance)'' in paragraph (3)(A)(iv)(I) and inserting ``(as of the date the reserve is determined)'', (E) by striking ``as of the date of the issuance of'' in paragraph (3)(A)(iv)(II) and inserting ``as of the date the reserve is determined for'', (F) by striking ``in effect on the date of the issuance of the contract'' in paragraph (3)(B)(i) and inserting ``applicable to the contract and in effect as of the date the reserve is determined'', and (G) by striking ``in effect on the date of the issuance of the contract'' in paragraph (3)(B)(ii) and inserting ``applicable to the contract and in effect as of the date the reserve is determined''. (3) Section 807(e) is amended-- (A) by striking paragraphs (2) and (5), (B) by redesignating paragraphs (3), (4), (6), and (7) as paragraphs (2), (3), (4), and (5), respectively, (C) by amending paragraph (2) (as so redesignated) to read as follows: ``(2) Qualified supplemental benefits.-- ``(A) Qualified supplemental benefits treated separately.-- For purposes of this part, the amount of the life insurance reserve for any qualified supplemental benefit shall be computed separately as though such benefit were under a separate contract. ``(B) Qualified supplemental benefit.--For purposes of this paragraph, the term `qualified supplemental benefit' means any supplemental benefit described in subparagraph (C) if-- ``(i) there is a separately identified premium or charge for such benefit, and ``(ii) any net surrender value under the contract attributable to any other benefit is not available to fund such benefit. ``(C) Supplemental benefits.--For purposes of this paragraph, the supplemental benefits described in this subparagraph are any-- ``(i) guaranteed insurability, ``(ii) accidental death or disability benefit, ``(iii) convertibility, ``(iv) disability waiver benefit, or ``(v) other benefit prescribed by regulations, which is supplemental to a contract for which there is a reserve described in subsection (c).'', and (D) by adding at the end the following new paragraph: ``(6) Reporting rules.--The Secretary shall require reporting (at such time and in such manner as the Secretary shall prescribe) with respect to the opening balance and closing balance of reserves and with respect to the method of computing reserves for purposes of determining income.''. (4) Section 7702 is amended-- (A) by striking clause (i) of subsection (c)(3)(B) and inserting the following: ``(i) reasonable mortality charges which meet the requirements prescribed in regulations to be promulgated by the Secretary or that do not exceed the mortality charges specified in the prevailing commissioners' standard tables as defined in subsection (f)(10),'' and (B) by adding at the end of subsection (f) the following new paragraph: ``(10) Prevailing commissioners' standard tables.--For purposes of subsection (c)(3)(B)(i), the term `prevailing commissioners' standard tables' means the most recent commissioners' standard tables prescribed by the National Association of Insurance Commissioners which are permitted to be used in computing reserves for that type of contract under the insurance laws of at least 26 States when the contract was issued. If the prevailing commissioners' standard tables as of the beginning of any calendar year (hereinafter in this paragraph referred to as the `year of change') are different from the prevailing commissioners' standard tables as of the beginning of the preceding calendar year, the issuer may use the prevailing commissioners' standard tables as of the beginning of the preceding calendar year with respect to any contract issued after the change and before the close of the 3-year period beginning on the first day of the year of change.''. (b) Conforming Amendments.-- (1) Section 808 is amended by adding at the end the following new subsection: ``(g) Prevailing State Assumed Interest Rate.--For purposes of this subchapter-- ``(1) In general.--The term `prevailing State assumed interest rate' means, with respect to any contract, the highest assumed interest rate permitted to be used in computing life insurance reserves for insurance contracts or annuity contracts (as the case may be) under the insurance laws of at least 26 States. For purposes of the preceding sentence, the effect of nonforfeiture laws of a [[Page S7781]] State on interest rates for reserves shall not be taken into account. ``(2) When rate determined.--The prevailing State assumed interest rate with respect to any contract shall be determined as of the beginning of the calendar year in which the contract was issued.''. (2) Paragraph (1) of section 811(d) is amended by striking ``the greater of the prevailing State assumed interest rate or applicable Federal interest rate in effect under section 807'' and inserting ``the interest rate in effect under section 808(g)''. (3) Subparagraph (A) of section 846(f)(6) is amended by striking ``except that'' and all that follows and inserting ``except that the limitation of subsection (a)(3) shall apply, and''. (4) Subparagraph (B) of section 954(i)(5) is amended by striking ``shall apply, and''. (c) Effective Date.-- (1) In general.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. (2) Transition rule.--For the first taxable year beginning after December 31, 2017, the reserve with respect to any contract (as determined under section 807(d)(2) of the Internal Revenue Code of 1986) at the end of the preceding taxable year shall be determined as if the amendments made by this section had applied to such reserve in such preceding taxable year. (3) Transition relief.-- (A) In general.--If-- (i) the reserve determined under section 807(d)(2) of the Internal Revenue Code of 1986 (determined without regard to the amendments made by this section) with respect to any contract as of the close of the year preceding the first taxable year beginning after December 31, 2017, differs from (ii) the reserve which would have been determined with respect to such contract as of the close of such taxable year under such section determined without regard to paragraph (2), then the difference between the amount of the reserve described in clause (i) and the amount of the reserve described in clause (ii) shall be taken into account under the method provided in subparagraph (B). (B) Method.--The method provided in this subparagraph is as follows: (i) If the amount determined under subparagraph (A)(i) exceeds the amount determined under subparagraph (A)(ii), 1/8 of such excess shall be taken into account, for each of the 8 succeeding taxable years, as a deduction under section 805(a)(2) or 832(c)(4) of such Code, as applicable. (ii) If the amount determined under subparagraph (A)(ii) exceeds the amount determined under subparagraph (A)(i), 1/8 of such excess shall be included in gross income, for each of the 8 succeeding taxable years, under section 803(a)(2) or 832(b)(1)(C) of such Code, as applicable. SEC. 13518. MODIFICATION OF RULES FOR LIFE INSURANCE PRORATION FOR PURPOSES OF DETERMINING THE DIVIDENDS RECEIVED DEDUCTION. (a) In General.--Section 812 is amended to read as follows: ``SEC. 812. DEFINITION OF COMPANY'S SHARE AND POLICYHOLDER'S SHARE. ``(a) Company's Share.--For purposes of section 805(a)(4), the term `company's share' means, with respect to any taxable year beginning after December 31, 2017, 70 percent. ``(b) Policyholder's Share.--For purposes of section 807, the term `policyholder's share' means, with respect to any taxable year beginning after December 31, 2017, 30 percent.''. (b) Conforming Amendment.--Section 817A(e)(2) is amended by striking ``, 807(d)(2)(B), and 812'' and inserting ``and 807(d)(2)(B)''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13519. CAPITALIZATION OF CERTAIN POLICY ACQUISITION EXPENSES. (a) In General.-- (1) Section 848(a)(2) is amended by striking ``120-month'' and inserting ``180-month''. (2) Section 848(c)(1) is amended by striking ``1.75 percent'' and inserting ``2.1 percent''. (3) Section 848(c)(2) is amended by striking ``2.05 percent'' and inserting ``2.46 percent''. (4) Section 848(c)(3) is amended by striking ``7.7 percent'' and inserting ``9.24 percent''. (b) Conforming Amendments.--Section 848(b)(1) is amended by striking ``120-month'' and inserting ``180-month''. (c) Effective Date.-- (1) In general.--The amendments made by this section shall apply to net premiums for taxable years beginning after December 31, 2017. (2) Transition rule.--Specified policy acquisition expenses first required to be capitalized in a taxable year beginning before January 1, 2018, will continue to be allowed as a deduction ratably over the 120-month period beginning with the first month in the second half of such taxable year. SEC. 13520. TAX REPORTING FOR LIFE SETTLEMENT TRANSACTIONS. (a) In General.--Subpart B of part III of subchapter A of chapter 61, as amended by section 13306, is amended by adding at the end the following new section: ``SEC. 6050Y. RETURNS RELATING TO CERTAIN LIFE INSURANCE CONTRACT TRANSACTIONS. ``(a) Requirement of Reporting of Certain Payments.-- ``(1) In general.--Every person who acquires a life insurance contract or any interest in a life insurance contract in a reportable policy sale during any taxable year shall make a return for such taxable year (at such time and in such manner as the Secretary shall prescribe) setting forth-- ``(A) the name, address, and TIN of such person, ``(B) the name, address, and TIN of each recipient of payment in the reportable policy sale, ``(C) the date of such sale, ``(D) the name of the issuer of the life insurance contract sold and the policy number of such contract, and ``(E) the amount of each payment. ``(2) Statement to be furnished to persons with respect to whom information is required.--Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing-- ``(A) the name, address, and phone number of the information contact of the person required to make such return, and ``(B) the information required to be shown on such return with respect to such person, except that in the case of an issuer of a life insurance contract, such statement is not required to include the information specified in paragraph (1)(E). ``(b) Requirement of Reporting of Seller's Basis in Life Insurance Contracts.-- ``(1) In general.--Upon receipt of the statement required under subsection (a)(2) or upon notice of a transfer of a life insurance contract to a foreign person, each issuer of a life insurance contract shall make a return (at such time and in such manner as the Secretary shall prescribe) setting forth-- ``(A) the name, address, and TIN of the seller who transfers any interest in such contract in such sale, ``(B) the investment in the contract (as defined in section 72(e)(6)) with respect to such seller, and ``(C) the policy number of such contract. ``(2) Statement to be furnished to persons with respect to whom information is required.--Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing-- ``(A) the name, address, and phone number of the information contact of the person required to make such return, and ``(B) the information required to be shown on such return with respect to each seller whose name is required to be set forth in such return. ``(c) Requirement of Reporting With Respect to Reportable Death Benefits.-- ``(1) In general.--Every person who makes a payment of reportable death benefits during any taxable year shall make a return for such taxable year (at such time and in such manner as the Secretary shall prescribe) setting forth-- ``(A) the name, address, and TIN of the person making such payment, ``(B) the name, address, and TIN of each recipient of such payment, ``(C) the date of each such payment, ``(D) the gross amount of each such payment, and ``(E) such person's estimate of the investment in the contract (as defined in section 72(e)(6)) with respect to the buyer. ``(2) Statement to be furnished to persons with respect to whom information is required.--Every person required to make a return under this subsection shall furnish to each person whose name is required to be set forth in such return a written statement showing-- ``(A) the name, address, and phone number of the information contact of the person required to make such return, and ``(B) the information required to be shown on such return with respect to each recipient of payment whose name is required to be set forth in such return. ``(d) Definitions.--For purposes of this section: ``(1) Payment.--The term `payment' means, with respect to any reportable policy sale, the amount of cash and the fair market value of any consideration transferred in the sale. ``(2) Reportable policy sale.--The term `reportable policy sale' has the meaning given such term in section 101(a)(3)(B). ``(3) Issuer.--The term `issuer' means any life insurance company that bears the risk with respect to a life insurance contract on the date any return or statement is required to be made under this section. ``(4) Reportable death benefits.--The term `reportable death benefits' means amounts paid by reason of the death of the insured under a life insurance contract that has been transferred in a reportable policy sale.''. (b) Clerical Amendment.--The table of sections for subpart B of part III of subchapter A of chapter 61, as amended by section 13306, is amended by inserting after the item relating to section 6050X the following new item: ``Sec. 6050Y. Returns relating to certain life insurance contract transactions.''. (c) Conforming Amendments.-- (1) Subsection (d) of section 6724 is amended-- (A) by striking ``or'' at the end of clause (xxiv) of paragraph (1)(B), by striking ``and'' at the end of clause (xxv) of such paragraph and inserting ``or'', and by inserting after such clause (xxv) the following new clause: ``(xxvi) section 6050Y (relating to returns relating to certain life insurance contract transactions), and'', and [[Page S7782]] (B) by striking ``or'' at the end of subparagraph (HH) of paragraph (2), by striking the period at the end of subparagraph (II) of such paragraph and inserting ``, or'', and by inserting after such subparagraph (II) the following new subparagraph: ``(JJ) subsection (a)(2), (b)(2), or (c)(2) of section 6050Y (relating to returns relating to certain life insurance contract transactions).''. (2) Section 6047 is amended-- (A) by redesignating subsection (g) as subsection (h), (B) by inserting after subsection (f) the following new subsection: ``(g) Information Relating to Life Insurance Contract Transactions.--This section shall not apply to any information which is required to be reported under section 6050Y.'', and (C) by adding at the end of subsection (h), as so redesignated, the following new paragraph: ``(4) For provisions requiring reporting of information relating to certain life insurance contract transactions, see section 6050Y.''. (d) Effective Date.--The amendments made by this section shall apply to-- (1) reportable policy sales (as defined in section 6050Y(d)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)) after December 31, 2017, and (2) reportable death benefits (as defined in section 6050Y(d)(4) of such Code (as added by subsection (a)) paid after December 31, 2017. SEC. 13521. CLARIFICATION OF TAX BASIS OF LIFE INSURANCE CONTRACTS. (a) Clarification With Respect to Adjustments.--Paragraph (1) of section 1016(a) is amended by striking subparagraph (A) and all that follows and inserting the following: ``(A) for-- ``(i) taxes or other carrying charges described in section 266; or ``(ii) expenditures described in section 173 (relating to circulation expenditures), for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior taxable years; or ``(B) for mortality, expense, or other reasonable charges incurred under an annuity or life insurance contract;''. (b) Effective Date.--The amendment made by this section shall apply to transactions entered into after August 25, 2009. SEC. 13522. EXCEPTION TO TRANSFER FOR VALUABLE CONSIDERATION RULES. (a) In General.--Subsection (a) of section 101 is amended by inserting after paragraph (2) the following new paragraph: ``(3) Exception to valuable consideration rules for commercial transfers.-- ``(A) In general.--The second sentence of paragraph (2) shall not apply in the case of a transfer of a life insurance contract, or any interest therein, which is a reportable policy sale. ``(B) Reportable policy sale.--For purposes of this paragraph, the term `reportable policy sale' means the acquisition of an interest in a life insurance contract, directly or indirectly, if the acquirer has no substantial family, business, or financial relationship with the insured apart from the acquirer's interest in such life insurance contract. For purposes of the preceding sentence, the term `indirectly' applies to the acquisition of an interest in a partnership, trust, or other entity that holds an interest in the life insurance contract.''. (b) Conforming Amendment.--Paragraph (1) of section 101(a) is amended by striking ``paragraph (2)'' and inserting ``paragraphs (2) and (3)''. (c) Effective Date.--The amendments made by this section shall apply to transfers after December 31, 2017. Subpart C--Banks and Financial Instruments SEC. 13531. LIMITATION ON DEDUCTION FOR FDIC PREMIUMS. (a) In General.--Section 162, as amended by sections 13307 and 13308, is amended by redesignating subsection (s) as subsection (t) and by inserting after subsection (r) the following new subsection: ``(s) Disallowance of FDIC Premiums Paid by Certain Large Financial Institutions.-- ``(1) In general.--No deduction shall be allowed for the applicable percentage of any FDIC premium paid or incurred by the taxpayer. ``(2) Exception for small institutions.--Paragraph (1) shall not apply to any taxpayer for any taxable year if the total consolidated assets of such taxpayer (determined as of the close of such taxable year) do not exceed $10,000,000,000. ``(3) Applicable percentage.--For purposes of this subsection, the term `applicable percentage' means, with respect to any taxpayer for any taxable year, the ratio (expressed as a percentage but not greater than 100 percent) which-- ``(A) the excess of-- ``(i) the total consolidated assets of such taxpayer (determined as of the close of such taxable year), over ``(ii) $10,000,000,000, bears to ``(B) $40,000,000,000. ``(4) FDIC premiums.--For purposes of this subsection, the term `FDIC premium' means any assessment imposed under section 7(b) of the Federal Deposit Insurance Act (12 U.S.C 1817(b)). ``(5) Total consolidated assets.--For purposes of this subsection, the term `total consolidated assets' has the meaning given such term under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C 5365). ``(6) Aggregation rule.-- ``(A) In general.--Members of an expanded affiliated group shall be treated as a single taxpayer for purposes of applying this subsection. ``(B) Expanded affiliated group.-- ``(i) In general.--For purposes of this paragraph, the term `expanded affiliated group' means an affiliated group as defined in section 1504(a), determined-- ``(I) by substituting `more than 50 percent' for `at least 80 percent' each place it appears, and ``(II) without regard to paragraphs (2) and (3) of section 1504(b). ``(ii) Control of non-corporate entities.--A partnership or any other entity (other than a corporation) shall be treated as a member of an expanded affiliated group if such entity is controlled (within the meaning of section 954(d)(3)) by members of such group (including any entity treated as a member of such group by reason of this clause).''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13532. REPEAL OF ADVANCE REFUNDING BONDS. (a) In General.--Paragraph (1) of section 149(d) is amended by striking ``as part of an issue described in paragraph (2), (3), or (4).'' and inserting ``to advance refund another bond.''. (b) Conforming Amendments.-- (1) Section 149(d) is amended by striking paragraphs (2), (3), (4), and (6) and by redesignating paragraphs (5) and (7) as paragraphs (2) and (3). (2) Section 148(f)(4)(C) is amended by striking clause (xiv) and by redesignating clauses (xv) to (xvii) as clauses (xiv) to (xvi). (c) Effective Date.--The amendments made by this section shall apply to advance refunding bonds issued after December 31, 2017. SEC. 13533. COST BASIS OF SPECIFIED SECURITIES DETERMINED WITHOUT REGARD TO IDENTIFICATION. (a) In General.--Section 1012 is amended by adding at the end the following new subsection: ``(e) Cost Basis of Specified Securities Determined Without Regard to Identification.-- ``(1) In general.--Unless the Secretary permits the use of an average basis method for determining cost, in the case of the sale, exchange, or other disposition of a specified security (within the meaning of section 6045(g)(3)(B)), the basis (and holding period) of such security shall be determined on a first-in first-out basis. ``(2) Exception.--In the case of a sale, exchange, or other disposition of a specified security by a regulated investment company (as defined in section 851(a)), paragraph (1) shall not apply.''. (b) Conforming Amendments.-- (1) Section 1012(c)(1) is amended by striking ``the conventions prescribed by regulations under this section'' and inserting ``the method applicable for determining the cost of such security''. (2) Section 1012(c)(2)(A) is amended by inserting ``(as in effect prior to the enactment of the Tax Cuts and Jobs Act)'' after ``this section''. (3) Section 6045(g)(2)(B)(i)(I) is amended by striking ``unless the customer notifies the broker by means of making an adequate identification of the stock sold or transferred''. (c) Effective Date.--The amendments made by this section shall apply to sales, exchanges, and other dispositions after December 31, 2017. Subpart D--S Corporations SEC. 13541. EXPANSION OF QUALIFYING BENEFICIARIES OF AN ELECTING SMALL BUSINESS TRUST. (a) No Look-Through for Eligibility Purposes.--Section 1361(c)(2)(B)(v) is amended by adding at the end the following new sentence: ``This clause shall not apply for purposes of subsection (b)(1)(C).''. (b) Effective Date.--The amendment made by this section shall take effect on January 1, 2018. SEC. 13542. CHARITABLE CONTRIBUTION DEDUCTION FOR ELECTING SMALL BUSINESS TRUSTS. (a) In General.--Section 641(c)(2) is amended by inserting after subparagraph (D) the following new subparagraph: ``(E)(i) Section 642(c) shall not apply. ``(ii) For purposes of section 170(b)(1)(G), adjusted gross income shall be computed in the same manner as in the case of an individual, except that the deductions for costs which are paid or incurred in connection with the administration of the trust and which would not have been incurred if the property were not held in such trust shall be treated as allowable in arriving at adjusted gross income.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13543. MODIFICATION OF TREATMENT OF S CORPORATION CONVERSIONS TO C CORPORATIONS. (a) Adjustments attributable to conversion from S corporation to C corporation.--Section 481 is amended by adding at the end the following new sub-section: ``(d) Adjustments attributable to conversion from S corporation to C corporation.--(1) In General.--In the case of an eligible terminated S corporation, any increase in tax under this chapter by reason of an adjustment required [[Page S7783]] by subsection (a)(2), and which is attributable to such corporation's revocation described in paragraph (2)(A)(ii), shall be taken into account ratably during the 6-taxable year period beginning with the year of change.'' (b) In General.--Section 1371 is amended by adding at the end the following new subsection: ``(f) Cash Distributions Following Post-termination Transition Period.-- ``(1) In general.--In the case of a distribution of money by an eligible terminated S corporation after the post- termination transition period, the accumulated adjustments account shall be allocated to such distribution, and the distribution shall be chargeable to accumulated earnings and profits, in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits. ``(2) Eligible terminated s corporation.--For purposes of this subsection, the term `eligible terminated S corporation' means any C corporation-- ``(A) which-- ``(i) was an S corporation on the day before the date of the enactment of the Tax Cuts and Jobs Act, and ``(ii) during the 2-year period beginning on the date of such enactment makes a revocation of its election under section 1362(a), and ``(B) the owners of the stock of which, determined on the date such revocation is made, are the same owners (and in identical proportions) as on the date of such enactment.''. (c) Effective Date.--The amendments made by this section shall apply to distributions after the date of the enactment of this Act. PART VII--EMPLOYMENT Subpart A--Compensation SEC. 13601. MODIFICATION OF LIMITATION ON EXCESSIVE EMPLOYEE REMUNERATION. (a) Repeal of Performance-based Compensation and Commission Exceptions for Limitation on Excessive Employee Remuneration.-- (1) In general.--Paragraph (4) of section 162(m) is amended by striking subparagraphs (B) and (C) and by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (B), (C), (D), and (E), respectively. (2) Conforming amendments.-- (A) Paragraphs (5)(E) and (6)(D) of section 162(m) are each amended by striking ``subparagraphs (B), (C), and (D)'' and inserting ``subparagraph (B)''. (B) Paragraphs (5)(G) and (6)(G) of section 162(m) are each amended by striking ``(F) and (G)'' and inserting ``(D) and (E)''. (b) Modification of Definition of Covered Employees.-- Paragraph (3) of section 162(m) is amended-- (1) in subparagraph (A), by striking ``as of the close of the taxable year, such employee is the chief executive officer of the taxpayer or is'' and inserting ``such employee is the principal executive officer or principal financial officer of the taxpayer at any time during the taxable year, or was'', (2) in subparagraph (B)-- (A) by striking ``4'' and inserting ``3'', and (B) by striking ``(other than the chief executive officer)'' and inserting ``(other than any individual described in subparagraph (A))'', and (3) by striking ``or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ``, or'', and by adding at the end the following: ``(C) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2016.''. (c) Expansion of Applicable Employer.-- (1) In general.--Section 162(m)(2) is amended to read as follows: ``(2) Publicly held corporation.--For purposes of this subsection, the term `publicly held corporation' means any corporation which is an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C 78c))-- ``(A) the securities of which are required to be registered under section 12 of such Act (15 U.S.C 78l), or ``(B) that is required to file reports under section 15(d) of such Act (15 U.S.C 78o(d)).''. (2) Conforming amendment.--Section 162(m)(3), as amended by subsection (b), is amended by adding at the end the following flush sentence: ``Such term shall include any employee who would be described in subparagraph (B) if the reporting described in such subparagraph were required as so described.''. (d) Special Rule for Remuneration Paid to Beneficiaries, etc.--Paragraph (4) of section 162(m), as amended by subsection (a), is amended by adding at the end the following new subparagraph: ``(F) Special rule for remuneration paid to beneficiaries, etc.--Remuneration shall not fail to be applicable employee remuneration merely because it is includible in the income of, or paid to, a person other than the covered employee, including after the death of the covered employee.''. (e) Effective Date.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2017. (2) Exception for binding contracts.--The amendments made by this section shall not apply to remuneration which is pursuant to a written binding contract which was in effect on November 2, 2017, and which was not modified in any material respect on or after such date. SEC. 13602. EXCISE TAX ON EXCESS TAX-EXEMPT ORGANIZATION EXECUTIVE COMPENSATION. (a) In General.--Subchapter D of chapter 42 is amended by adding at the end the following new section: ``SEC. 4960. TAX ON EXCESS TAX-EXEMPT ORGANIZATION EXECUTIVE COMPENSATION. ``(a) Tax Imposed.--There is hereby imposed a tax equal to 20 percent of the sum of-- ``(1) so much of the remuneration paid (other than any excess parachute payment) by an applicable tax-exempt organization for the taxable year with respect to employment of any covered employee in excess of $1,000,000, plus ``(2) any excess parachute payment paid by such an organization to any covered employee. For purposes of the preceding sentence, remuneration shall be treated as paid when there is no substantial risk of forfeiture of the rights to such remuneration. ``(b) Liability for Tax.--The employer shall be liable for the tax imposed under subsection (a). ``(c) Definitions and Special Rules.--For purposes of this section-- ``(1) Applicable tax-exempt organization.--The term `applicable tax-exempt organization' means any organization which for the taxable year-- ``(A) is exempt from taxation under section 501(a), ``(B) is a farmers' cooperative organization described in section 521(b)(1), ``(C) has income excluded from taxation under section 115(1), or ``(D) is a political organization described in section 527(e)(1). ``(2) Covered employee.--For purposes of this section, the term `covered employee' means any employee (including any former employee) of an applicable tax-exempt organization if the employee-- ``(A) is one of the 5 highest compensated employees of the organization for the taxable year, or ``(B) was a covered employee of the organization (or any predecessor) for any preceding taxable year beginning after December 31, 2016. ``(3) Remuneration.--For purposes of this section, the term `remuneration' means wages (as defined in section 3401(a)), except that such term shall not include any designated Roth contribution (as defined in section 402A(c)) and shall include amounts required to be included in gross income under section 457(f). ``(4) Remuneration from related organizations.-- ``(A) In general.--Remuneration of a covered employee by an applicable tax-exempt organization shall include any remuneration paid with respect to employment of such employee by any related person or governmental entity. ``(B) Related organizations.--A person or governmental entity shall be treated as related to an applicable tax- exempt organization if such person or governmental entity-- ``(i) controls, or is controlled by, the organization, ``(ii) is controlled by one or more persons which control the organization, ``(iii) is a supported organization (as defined in section 509(f)(3)) during the taxable year with respect to the organization, ``(iv) is a supporting organization described in section 509(a)(3) during the taxable year with respect to the organization, or ``(v) in the case of an organization which is a voluntary employees' beneficiary association described in section 501(c)(9), establishes, maintains, or makes contributions to such voluntary employees' beneficiary association. ``(C) Liability for tax.--In any case in which remuneration from more than one employer is taken into account under this paragraph in determining the tax imposed by subsection (a), each such employer shall be liable for such tax in an amount which bears the same ratio to the total tax determined under subsection (a) with respect to such remuneration as-- ``(i) the amount of remuneration paid by such employer with respect to such employee, bears to ``(ii) the amount of remuneration paid by all such employers to such employee. ``(5) Excess parachute payment.--For purposes of determining the tax imposed by subsection (a)(2)-- ``(A) In general.--The term `excess parachute payment' means an amount equal to the excess of any parachute payment over the portion of the base amount allocated to such payment. ``(B) Parachute payment.--The term `parachute payment' means any payment in the nature of compensation to (or for the benefit of) a covered employee if-- ``(i) such payment is contingent on such employee's separation from employment with the employer, and ``(ii) the aggregate present value of the payments in the nature of compensation to (or for the benefit of) such individual which are contingent on such separation equals or exceeds an amount equal to 3 times the base amount. Such term does not include any payment described in section 280G(b)(6) (relating to exemption for payments under qualified ***plans***) or any payment made under or to an annuity [[Page S7784]] contract described in section 403(b) or a ***plan*** described in section 457(b). ``(C) Base amount.--Rules similar to the rules of 280G(b)(3) shall apply for purposes of determining the base amount. ``(D) Property transfers; present value.--Rules similar to the rules of paragraphs (3) and (4) of section 280G(d) shall apply. ``(6) Coordination with deduction limitation.--Remuneration the deduction for which is not allowed by reason of section 162(m) shall not be taken into account for purposes of this section. ``(d) Regulations.--The Secretary shall prescribe such regulations as may be necessary to prevent avoidance of the tax under this section, including regulations preventing employees from being misclassified as contractors or from being compensated through a pass-through or other entity to avoid such tax.''. (b) Clerical Amendment.--The table of sections for subchapter D of chapter 42 is amended by adding at the end the following new item: ``Sec. 4960. Tax on excess tax-exempt organization executive compensation.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13603. TREATMENT OF QUALIFIED EQUITY GRANTS. (a) In General.--Section 83 is amended by adding at the end the following new subsection: ``(i) Qualified Equity Grants.-- ``(1) In general.--For purposes of this subtitle-- ``(A) Timing of inclusion.--If qualified stock is transferred to a qualified employee who makes an election with respect to such stock under this subsection, subsection (a) shall be applied by including the amount determined under such subsection with respect to such stock in income of the employee in the taxable year determined under subparagraph (B) in lieu of the taxable year described in subsection (a). ``(B) Taxable year determined.--The taxable year determined under this subparagraph is the taxable year of the employee which includes the earliest of-- ``(i) the first date such qualified stock becomes transferable (including, solely for purposes of this clause, becoming transferable to the employer), ``(ii) the date the employee first becomes an excluded employee, ``(iii) the first date on which any stock of the corporation which issued the qualified stock becomes readily tradable on an established securities market (as determined by the Secretary, but not including any market unless such market is recognized as an established securities market by the Secretary for purposes of a provision of this title other than this subsection), ``(iv) the date that is 5 years after the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier, or ``(v) the date on which the employee revokes (at such time and in such manner as the Secretary provides) the election under this subsection with respect to such stock. ``(2) Qualified stock.-- ``(A) In general.--For purposes of this subsection, the term `qualified stock' means, with respect to any qualified employee, any stock in a corporation which is the employer of such employee, if-- ``(i) such stock is received-- ``(I) in connection with the exercise of an option, or ``(II) in settlement of a restricted stock unit, and ``(ii) such option or restricted stock unit was granted by the corporation-- ``(I) in connection with the performance of services as an employee, and ``(II) during a calendar year in which such corporation was an eligible corporation. ``(B) Limitation.--The term `qualified stock' shall not include any stock if the employee may sell such stock to, or otherwise receive cash in lieu of stock from, the corporation at the time that the rights of the employee in such stock first become transferable or not subject to a substantial risk of forfeiture. ``(C) Eligible corporation.--For purposes of subparagraph (A)(ii)(II)-- ``(i) In general.--The term `eligible corporation' means, with respect to any calendar year, any corporation if-- ``(I) no stock of such corporation (or any predecessor of such corporation) is readily tradable on an established securities market (as determined under paragraph (1)(B)(iii)) during any preceding calendar year, and ``(II) such corporation has a written ***plan*** under which, in such calendar year, not less than 80 percent of all employees who provide services to such corporation in the United States (or any possession of the United States) are granted stock options, or restricted stock units, with the same rights and privileges to receive qualified stock. ``(ii) Same rights and privileges.--For purposes of clause (i)(II)-- ``(I) except as provided in subclauses (II) and (III), the determination of rights and privileges with respect to stock shall be made in a similar manner as under section 423(b)(5), ``(II) employees shall not fail to be treated as having the same rights and privileges to receive qualified stock solely because the number of shares available to all employees is not equal in amount, so long as the number of shares available to each employee is more than a de minimis amount, and ``(III) rights and privileges with respect to the exercise of an option shall not be treated as the same as rights and privileges with respect to the settlement of a restricted stock unit. ``(iii) Employee.--For purposes of clause (i)(II), the term `employee' shall not include any employee described in section 4980E(d)(4) or any excluded employee. ``(iv) Special rule for calendar years before 2018.--In the case of any calendar year beginning before January 1, 2018, clause (i)(II) shall be applied without regard to whether the rights and privileges with respect to the qualified stock are the same. ``(3) Qualified employee; excluded employee.--For purposes of this subsection-- ``(A) In general.--The term `qualified employee' means any individual who-- ``(i) is not an excluded employee, and ``(ii) agrees in the election made under this subsection to meet such requirements as are determined by the Secretary to be necessary to ensure that the withholding requirements of the corporation under chapter 24 with respect to the qualified stock are met. ``(B) Excluded employee.--The term `excluded employee' means, with respect to any corporation, any individual-- ``(i) who was a 1-percent owner (within the meaning of section 416(i)(1)(B)(ii)) at any time during the 10 preceding calendar years, ``(ii) who is or has been at any prior time-- ``(I) the chief executive officer of such corporation or an individual acting in such a capacity, or ``(II) the chief financial officer of such corporation or an individual acting in such a capacity, ``(iii) who bears a relationship described in section 318(a)(1) to any individual described in subclause (I) or (II) of clause (ii), or ``(iv) who was for any of the 10 preceding taxable years one of the 4 highest compensated officers of such corporation, determined with respect to each such taxable year on the basis of the shareholder disclosure rules for compensation under the Securities Exchange Act of 1934 (as if such rules applied to such corporation). ``(4) Election.-- ``(A) Time for making election.--An election with respect to qualified stock shall be made under this subsection no later than 30 days after the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier, and shall be made in a manner similar to the manner in which an election is made under subsection (b). ``(B) Limitations.--No election may be made under this section with respect to any qualified stock if-- ``(i) the qualified employee has made an election under subsection (b) with respect to such qualified stock, ``(ii) any stock of the corporation which issued the qualified stock is readily tradable on an established securities market (as determined under paragraph (1)(B)(iii)) at any time before the election is made, or ``(iii) such corporation purchased any of its outstanding stock in the calendar year preceding the calendar year which includes the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, unless-- ``(I) not less than 25 percent of the total dollar amount of the stock so purchased is deferral stock, and ``(II) the determination of which individuals from whom deferral stock is purchased is made on a reasonable basis. ``(C) Definitions and special rules related to limitation on stock redemptions.-- ``(i) Deferral stock.--For purposes of this paragraph, the term `deferral stock' means stock with respect to which an election is in effect under this subsection. ``(ii) Deferral stock with respect to any individual not taken into account if individual holds deferral stock with longer deferral period.--Stock purchased by a corporation from any individual shall not be treated as deferral stock for purposes of subparagraph (B)(iii) if such individual (immediately after such purchase) holds any deferral stock with respect to which an election has been in effect under this subsection for a longer period than the election with respect to the stock so purchased. ``(iii) Purchase of all outstanding deferral stock.--The requirements of subclauses (I) and (II) of subparagraph (B)(iii) shall be treated as met if the stock so purchased includes all of the corporation's outstanding deferral stock. ``(iv) Reporting.--Any corporation which has outstanding deferral stock as of the beginning of any calendar year and which purchases any of its outstanding stock during such calendar year shall include on its return of tax for the taxable year in which, or with which, such calendar year ends the total dollar amount of its outstanding stock so purchased during such calendar year and such other information as the Secretary requires for purposes of administering this paragraph. ``(5) Controlled groups.--For purposes of this subsection, all persons treated as a single employer under section 414(b) shall be treated as 1 corporation. ``(6) Notice requirement.--Any corporation which transfers qualified stock to a [[Page S7785]] qualified employee shall, at the time that (or a reasonable period before) an amount attributable to such stock would (but for this subsection) first be includible in the gross income of such employee-- ``(A) certify to such employee that such stock is qualified stock, and ``(B) notify such employee-- ``(i) that the employee may be eligible to elect to defer income on such stock under this subsection, and ``(ii) that, if the employee makes such an election-- ``(I) the amount of income recognized at the end of the deferral period will be based on the value of the stock at the time at which the rights of the employee in such stock first become transferable or not subject to substantial risk of forfeiture, notwithstanding whether the value of the stock has declined during the deferral period, ``(II) the amount of such income recognized at the end of the deferral period will be subject to withholding under section 3401(i) at the rate determined under section 3402(t), and ``(III) the responsibilities of the employee (as determined by the Secretary under paragraph (3)(A)(ii)) with respect to such withholding. ``(7) Restricted stock units.--This section (other than this subsection), including any election under subsection (b), shall not apply to restricted stock units.''. (b) Withholding.-- (1) Time of withholding.--Section 3401 is amended by adding at the end the following new subsection: ``(i) Qualified Stock for Which an Election Is in Effect Under Section 83(i).--For purposes of subsection (a), qualified stock (as defined in section 83(i)) with respect to which an election is made under section 83(i) shall be treated as wages-- ``(1) received on the earliest date described in section 83(i)(1)(B), and ``(2) in an amount equal to the amount included in income under section 83 for the taxable year which includes such date.''. (2) Amount of withholding.--Section 3402 is amended by adding at the end the following new subsection: ``(t) Rate of Withholding for Certain Stock.--In the case of any qualified stock (as defined in section 83(i)(2)) with respect to which an election is made under section 83(i)-- ``(1) the rate of tax under subsection (a) shall not be less than the maximum rate of tax in effect under section 1, and ``(2) such stock shall be treated for purposes of section 3501(b) in the same manner as a non-cash fringe benefit.''. (c) Coordination With Other Deferred Compensation Rules.-- (1) Election to apply deferral to statutory options.-- (A) Incentive stock options.--Section 422(b) is amended by adding at the end the following: ``Such term shall not include any option if an election is made under section 83(i) with respect to the stock received in connection with the exercise of such option.''. (B) Employee stock purchase ***plans***.--Section 423 is amended-- (i) by adding at the end of subsection (a) the following flush sentence: ``The preceding sentence shall not apply to any share of stock with respect to which an election is made under section 83(i).'', and (ii) in subsection (b)(5), by striking ``and'' before ``the ***plan***'' and by inserting ``, and the rules of section 83(i) shall apply in determining which employees have a right to make an election under such section'' before the semicolon at the end. (2) Exclusion from definition of nonqualified deferred compensation ***plan***.--Subsection (d) of section 409A is amended by adding at the end the following new paragraph: ``(7) Treatment of qualified stock.--An arrangement under which an employee may receive qualified stock (as defined in section 83(i)(2)) shall not be treated as a nonqualified deferred compensation ***plan*** solely because of an employee's election, or ability to make an election, to defer recognition of income under section 83(i).''. (d) Information Reporting.--Section 6051(a) is amended by striking ``and'' at the end of paragraph (14)(B), by striking the period at the end of paragraph (15) and inserting a comma, and by inserting after paragraph (15) the following new paragraphs: ``(16) the amount includible in gross income under subparagraph (A) of section 83(i)(1) with respect to an event described in subparagraph (B) of such section which occurs in such calendar year, and ``(17) the aggregate amount of income which is being deferred pursuant to elections under section 83(i), determined as of the close of the calendar year.''. (e) Penalty for Failure of Employer To Provide Notice of Tax Consequences.--Section 6652 is amended by adding at the end the following new subsection: ``(p) Failure to Provide Notice Under Section 83(i).--In the case of each failure to provide a notice as required by section 83(i)(6), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such notice, an amount equal to $100 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed $50,000.''. (f) Effective Dates.-- (1) In general.--Except as provided in paragraph (2), the amendments made by this section shall apply to stock attributable to options exercised, or restricted stock units settled, after December 31, 2017. (2) Requirement to provide notice.--The amendments made by subsection (e) shall apply to failures after December 31, 2017. (g) Transition Rule.--Until such time as the Secretary (or the Secretary's delegate) issues regulations or other guidance for purposes of implementing the requirements of paragraph (2)(C)(i)(II) of section 83(i) of the Internal Revenue Code of 1986 (as added by this section), or the requirements of paragraph (6) of such section, a corporation shall be treated as being in compliance with such requirements (respectively) if such corporation complies with a reasonable good faith interpretation of such requirements. SEC. 13604. INCREASE IN EXCISE TAX RATE FOR STOCK COMPENSATION OF INSIDERS IN EXPATRIATED CORPORATIONS. (a) In General.--Section 4985(a)(1) is amended by striking ``section 1(h)(1)(C)'' and inserting ``section 1(h)(1)(D)''. (b) Effective Date.--The amendment made by this section shall apply to corporations first becoming expatriated corporations (as defined in section 4985 of the Internal Revenue Code of 1986) after the date of enactment of this Act. Subpart B--Retirement ***Plans*** SEC. 13611. REPEAL OF SPECIAL RULE PERMITTING RECHARACTERIZATION OF ROTH IRA CONTRIBUTIONS AS TRADITIONAL IRA CONTRIBUTIONS. (a) In General.--Section 408A(d) is amended by striking paragraph (6) and by redesignating paragraph (7) as paragraph (6). (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13612. MODIFICATION OF RULES APPLICABLE TO LENGTH OF SERVICE AWARD ***PLANS***. (a) Maximum Deferral Amount.--Clause (ii) of section 457(e)(11)(B) is amended by striking ``$3,000'' and inserting ``$6,000''. (b) Cost of Living Adjustment.--Subparagraph (B) of section 457(e)(11) is amended by adding at the end the following: ``(iii) Cost of living adjustment.--In the case of taxable years beginning after December 31, 2017, the Secretary shall adjust the $6,000 amount under clause (ii) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2016, and any increase under this paragraph that is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''. (c) Application of Limitation on Accruals.--Subparagraph (B) of section 457(e)(11), as amended by subsection (b), is amended by adding at the end the following: ``(iv) Special rule for application of limitation on accruals for certain ***plans***.--In the case of a ***plan*** described in subparagraph (A)(ii) which is a defined benefit ***plan*** (as defined in section 414(j)), the limitation under clause (ii) shall apply to the actuarial present value of the aggregate amount of length of service awards accruing with respect to any year of service. Such actuarial present value with respect to any year shall be calculated using reasonable actuarial assumptions and methods, assuming payment will be made under the most valuable form of payment under the ***plan*** with payment commencing at the later of the earliest age at which unreduced benefits are payable under the ***plan*** or the participant's age at the time of the calculation.''. (d) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13613. EXTENDED ROLLOVER PERIOD FOR ***PLAN*** LOAN OFFSET AMOUNTS. (a) In General.--Paragraph (3) of section 402(c) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph: ``(B) Rollover of certain ***plan*** loan offset amounts.-- ``(i) In general.--In the case of an eligible rollover distribution of a qualified ***plan*** loan offset amount, the requirements of subparagraph (A) shall be treated as met if such transfer occurs on or before the due date (including extensions) for filing the return of tax for the taxable year in which such amount is treated as distributed from a qualified employer ***plan***. ``(ii) Qualified ***plan*** loan offset amount.--For purposes of this subparagraph, the term `qualified ***plan*** loan offset amount' means a ***plan*** loan offset amount which is treated as distributed from a qualified employer ***plan*** to a participant or beneficiary solely by reason of-- ``(I) the termination of the qualified employer ***plan***, or ``(II) the failure to meet the repayment terms of the loan from such ***plan*** because of the severance from employment of the participant. ``(iii) ***Plan*** loan offset amount.--For purposes of clause (ii), the term `***plan*** loan offset amount' means the amount by which the participant's accrued benefit under the ***plan*** is reduced in order to repay a loan from the ***plan***. ``(iv) Limitation.--This subparagraph shall not apply to any ***plan*** loan offset amount unless such ***plan*** loan offset amount relates to a loan to which section 72(p)(1) does not apply by reason of section 72(p)(2). [[Page S7786]] ``(v) Qualified employer ***plan***.--For purposes of this subsection, the term `qualified employer ***plan***' has the meaning given such term by section 72(p)(4).''. (b) Conforming Amendment.--Subparagraph (A) of section 402(c)(3) is amended by striking ``subparagraph (B)'' and inserting ``subparagraphs (B) and (C)''. (c) Effective Date.--The amendments made by this section shall apply to ***plan*** loan offset amounts which are treated as distributed in taxable years beginning after December 31, 2017. PART VIII--EXEMPT ORGANIZATIONS SEC. 13701. EXCISE TAX BASED ON INVESTMENT INCOME OF PRIVATE COLLEGES AND UNIVERSITIES. (a) In General.--Chapter 42 is amended by adding at the end the following new subchapter: ``Subchapter H--Excise Tax Based on Investment Income of Private Colleges and Universities ``Sec. 4968. Excise tax based on investment income of private colleges and universities. ``SEC. 4968. EXCISE TAX BASED ON INVESTMENT INCOME OF PRIVATE COLLEGES AND UNIVERSITIES. ``(a) Tax Imposed.--There is hereby imposed on each applicable educational institution for the taxable year a tax equal to 1.4 percent of the net investment income of such institution for the taxable year. ``(b) Applicable Educational Institution.--For purposes of this subchapter-- ``(1) In general.--The term `applicable educational institution' means an eligible educational institution (as defined in section 25A(f)(2))-- ``(A) which had at least 500 tuition-paying students during the preceding taxable year, ``(B) which participated in and received funds through a ***program*** described in section 25A(f)(2)(B) during the preceding taxable year, ``(C) which is not described in the first sentence of section 511(a)(2)(B) (relating to State colleges and universities), and ``(D) the aggregate fair market value of the assets of which at the end of the preceding taxable year (other than those assets which are used directly in carrying out the institution's exempt purpose) is at least $500,000 per student of the institution. ``(2) Students.--For purposes of paragraph (1), the number of students of an institution shall be based on the daily average number of full-time students attending such institution (with part-time students taken into account on a full-time student equivalent basis). ``(c) Net Investment Income.--For purposes of this section, net investment income shall be determined under rules similar to the rules of section 4940(c). ``(d) Assets and Net Investment Income of Related Organizations.-- ``(1) In general.--For purposes of subsections (b)(1)(C) and (c), assets and net investment income of any related organization with respect to an educational institution shall be treated as assets and net investment income, respectively, of the educational institution, except that-- ``(A) no such amount shall be taken into account with respect to more than 1 educational institution, and ``(B) unless such organization is controlled by such institution or is described in section 509(a)(3) with respect to such institution for the taxable year, assets and net investment income which are not intended or available for the use or benefit of the educational institution shall not be taken into account. ``(2) Related organization.--For purposes of this subsection, the term `related organization' means, with respect to an educational institution, any organization which-- ``(A) controls, or is controlled by, such institution, ``(B) is controlled by 1 or more persons which also control such institution, or ``(C) is a supported organization (as defined in section 509(f)(3)), or an organization described in section 509(a)(3), during the taxable year with respect to such institution.''. (b) Clerical Amendment.--The table of subchapters for chapter 42 is amended by adding at the end the following new item: ``subchapter h--excise tax based on investment income of private colleges and universities''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 13702. UNRELATED BUSINESS TAXABLE INCOME SEPARATELY COMPUTED FOR EACH TRADE OR BUSINESS ACTIVITY. (a) In General.--Subsection (a) of section 512 is amended by adding at the end the following new paragraph: ``(6) Special rule for organization with more than 1 unrelated trade or business.--In the case of any organization with more than 1 unrelated trade or business-- ``(A) unrelated business taxable income, including for purposes of determining any net operating loss deduction, shall be computed separately with respect to each such trade or business and without regard to subsection (b)(12), ``(B) the unrelated business taxable income of such organization shall be the sum of the unrelated business taxable income so computed with respect to each such trade or business, less a specific deduction under subsection (b)(12), and ``(C) for purposes of subparagraph (B), unrelated business taxable income with respect to any such trade or business shall not be less than zero.''. (b) Effective Date.-- (1) In general.--Except to the extent provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2017. (2) Carryovers of net operating losses.--If any net operating loss arising in a taxable year beginning before January 1, 2018, is carried over to a taxable year beginning on or after such date-- (A) subparagraph (A) of section 512(a)(6) of the Internal Revenue Code of 1986, as added by this Act, shall not apply to such net operating loss, and (B) the unrelated business taxable income of the organization, after the application of subparagraph (B) of such section, shall be reduced by the amount of such net operating loss. SEC. 13703. REPEAL OF DEDUCTION FOR AMOUNTS PAID IN EXCHANGE FOR COLLEGE ATHLETIC EVENT SEATING RIGHTS. (a) In General.--Section 170(l) is amended-- (1) by striking paragraph (1) and inserting the following: ``(1) In general.--No deduction shall be allowed under this section for any amount described in paragraph (2).'', and (2) in paragraph (2)(B), by striking ``such amount would be allowable as a deduction under this section but for the fact that''. (b) Effective Date.--The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2017. SEC. 13704. REPEAL OF SUBSTANTIATION EXCEPTION IN CASE OF CONTRIBUTIONS REPORTED BY DONEE. (a) In General.--Section 170(f)(8) is amended by striking subparagraph (D) and by redesignating subparagraph (E) as subparagraph (D). (b) Effective Date.--The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2016. PART IX--OTHER PROVISIONS Subpart A--Craft Beverage Modernization and Tax Reform SEC. 13801. PRODUCTION PERIOD FOR BEER, WINE, AND DISTILLED SPIRITS. (a) In General.--Section 263A(f) is amended-- (1) by redesignating paragraph (4) as paragraph (5), and (2) by inserting after paragraph (3) the following new paragraph: ``(4) Exemption for aging process of beer, wine, and distilled spirits.-- ``(A) In general.--For purposes of this subsection, the production period shall not include the aging period for-- ``(i) beer (as defined in section 5052(a)), ``(ii) wine (as described in section 5041(a)), or ``(iii) distilled spirits (as defined in section 5002(a)(8)), except such spirits that are unfit for use for beverage purposes. ``(B) Termination.--This paragraph shall not apply to interest costs paid or accrued after December 31, 2019.''. (b) Conforming Amendment.--Paragraph (5)(B)(ii) of section 263A(f), as redesignated by this section, is amended by inserting ``except as provided in paragraph (4),'' before ``ending on the date''. (c) Effective Date.--The amendments made by this section shall apply to interest costs paid or accrued in calendar years beginning after December 31, 2017. SEC. 13802. REDUCED RATE OF EXCISE TAX ON BEER. (a) In General.--Paragraph (1) of section 5051(a) is amended to read as follows: ``(1) In general.-- ``(A) Imposition of tax.--A tax is hereby imposed on all beer brewed or ***produced***, and removed for consumption or sale, within the United States, or imported into the United States. Except as provided in paragraph (2), the rate of such tax shall be the amount determined under this paragraph. ``(B) Rate.--Except as provided in subparagraph (C), the rate of tax shall be $18 for per barrel. ``(C) Special rule.--In the case of beer removed after December 31, 2017, and before January 1, 2020, the rate of tax shall be-- ``(i) $16 on the first 6,000,000 barrels of beer-- ``(I) brewed by the brewer and removed during the calendar year for consumption or sale, or ``(II) imported by the importer into the United States during the calendar year, and ``(ii) $18 on any barrels of beer to which clause (i) does not apply. ``(D) Barrel.--For purposes of this section, a barrel shall contain not more than 31 gallons of beer, and any tax imposed under this section shall be applied at a like rate for any other quantity or for fractional parts of a barrel.''. (b) Reduced Rate for Certain Domestic Production.-- Subparagraph (A) of section 5051(a)(2) is amended-- (1) in the heading, by striking ``$7 a barrel'', and (2) by inserting ``($3.50 in the case of beer removed after December 31, 2017, and before January 1, 2020)'' after ``$7''. (c) Application of Reduced Tax Rate for Foreign Manufacturers and Importers.--Subsection (a) of section 5051 is amended-- (1) in subparagraph (C)(i)(II) of paragraph (1), as amended by subsection (a), by inserting ``but only if the importer is an electing [[Page S7787]] importer under paragraph (4) and the barrels have been assigned to the importer pursuant to such paragraph'' after ``during the calendar year'', and (2) by adding at the end the following new paragraph: ``(4) Reduced tax rate for foreign manufacturers and importers.-- ``(A) In general.--In the case of any barrels of beer which have been brewed or ***produced*** outside of the United States and imported into the United States, the rate of tax applicable under clause (i) of paragraph (1)(C) (referred to in this paragraph as the `reduced tax rate') may be assigned by the brewer (provided that the brewer makes an election described in subparagraph (B)(ii)) to any electing importer of such barrels pursuant to the requirements established by the Secretary under subparagraph (B). ``(B) Assignment.--The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for assignment of the reduced tax rate provided under this paragraph, which shall include-- ``(i) a limitation to ensure that the number of barrels of beer for which the reduced tax rate has been assigned by a brewer-- ``(I) to any importer does not exceed the number of barrels of beer brewed or ***produced*** by such brewer during the calendar year which were imported into the United States by such importer, and ``(II) to all importers does not exceed the 6,000,000 barrels to which the reduced tax rate applies, ``(ii) procedures that allow the election of a brewer to assign and an importer to receive the reduced tax rate provided under this paragraph, ``(iii) requirements that the brewer provide any information as the Secretary determines necessary and appropriate for purposes of carrying out this paragraph, and ``(iv) procedures that allow for revocation of eligibility of the brewer and the importer for the reduced tax rate provided under this paragraph in the case of any erroneous or fraudulent information provided under clause (iii) which the Secretary deems to be material to qualifying for such reduced rate. ``(C) Controlled group.--For purposes of this section, any importer making an election described in subparagraph (B)(ii) shall be deemed to be a member of the controlled group of the brewer, as described under paragraph (5).''. (d) Controlled Group and Single Taxpayer Rules.--Subsection (a) of section 5051, as amended by this section, is amended-- (1) in paragraph (2)-- (A) by striking subparagraph (B), and (B) by redesignating subparagraph (C) as subparagraph (B), and (2) by adding at the end the following new paragraph: ``(5) Controlled group and single taxpayer rules.-- ``(A) In general.--Except as provided in subparagraph (B), in the case of a controlled group, the 6,000,000 barrel quantity specified in paragraph (1)(C)(i) and the 2,000,000 barrel quantity specified in paragraph (2)(A) shall be applied to the controlled group, and the 6,000,000 barrel quantity specified in paragraph (1)(C)(i) and the 60,000 barrel quantity specified in paragraph (2)(A) shall be apportioned among the brewers who are members of such group in such manner as the Secretary or their delegate shall by regulations prescribe. For purposes of the preceding sentence, the term `controlled group' has the meaning assigned to it by subsection (a) of section 1563, except that for such purposes the phrase `more than 50 percent' shall be substituted for the phrase `at least 80 percent' in each place it appears in such subsection. Under regulations prescribed by the Secretary, principles similar to the principles of the preceding two sentences shall be applied to a group of brewers under common control where one or more of the brewers is not a corporation. ``(B) Foreign manufacturers and importers.--For purposes of paragraph (4), in the case of a controlled group, the 6,000,000 barrel quantity specified in paragraph (1)(C)(i) shall be applied to the controlled group and apportioned among the members of such group in such manner as the Secretary shall by regulations prescribe. For purposes of the preceding sentence, the term `controlled group' has the meaning given such term under subparagraph (A). Under regulations prescribed by the Secretary, principles similar to the principles of the preceding two sentences shall be applied to a group of brewers under common control where one or more of the brewers is not a corporation. ``(C) Single taxpayer.--Pursuant to rules issued by the Secretary, two or more entities (whether or not under common control) that ***produce*** beer marketed under a similar brand, license, franchise, or other arrangement shall be treated as a single taxpayer for purposes of the application of this subsection.''. (e) Effective Date.--The amendments made by this section shall apply to beer removed after December 31, 2017. SEC. 13803. TRANSFER OF BEER BETWEEN BONDED FACILITIES. (a) In General.--Section 5414 is amended-- (1) by striking ``Beer may be removed'' and inserting ``(a) In General.--Beer may be removed'', and (2) by adding at the end the following: ``(b) Transfer of Beer Between Bonded Facilities.-- ``(1) In general.--Beer may be removed from one bonded brewery to another bonded brewery, without payment of tax, and may be mingled with beer at the receiving brewery, subject to such conditions, including payment of the tax, and in such containers, as the Secretary by regulations shall prescribe, which shall include-- ``(A) any removal from one brewery to another brewery belonging to the same brewer, ``(B) any removal from a brewery owned by one corporation to a brewery owned by another corporation when-- ``(i) one such corporation owns the controlling interest in the other such corporation, or ``(ii) the controlling interest in each such corporation is owned by the same person or persons, and ``(C) any removal from one brewery to another brewery when-- ``(i) the proprietors of transferring and receiving premises are independent of each other and neither has a proprietary interest, directly or indirectly, in the business of the other, and ``(ii) the transferor has divested itself of all interest in the beer so transferred and the transferee has accepted responsibility for payment of the tax. ``(2) Transfer of liability for tax.--For purposes of paragraph (1)(C), such relief from liability shall be effective from the time of removal from the transferor's bonded premises, or from the time of divestment of interest, whichever is later. ``(3) Termination.--This subsection shall not apply to any calendar quarter beginning after December 31, 2019.''. (b) Removal From Brewery by Pipeline.--Section 5412 is amended by inserting ``pursuant to section 5414 or'' before ``by pipeline''. (c) Effective Date.--The amendments made by this section shall apply to any calendar quarters beginning after December 31, 2017. SEC. 13804. REDUCED RATE OF EXCISE TAX ON CERTAIN WINE. (a) In General.--Section 5041(c) is amended by adding at the end the following new paragraph: ``(8) Special rule for 2018 and 2019.-- ``(A) In general.--In the case of wine removed after December 31, 2017, and before January 1, 2020, paragraphs (1) and (2) shall not apply and there shall be allowed as a credit against any tax imposed by this title (other than chapters 2, 21, and 22) an amount equal to the sum of-- ``(i) $1 per wine gallon on the first 30,000 wine gallons of wine, plus ``(ii) 90 cents per wine gallon on the first 100,000 wine gallons of wine to which clause (i) does not apply, plus ``(iii) 53.5 cents per wine gallon on the first 620,000 wine gallons of wine to which clauses (i) and (ii) do not apply, which are ***produced*** by the ***producer*** and removed during the calendar year for consumption or sale, or which are imported by the importer into the United States during the calendar year. ``(B) Adjustment of credit for hard cider.--In the case of wine described in subsection (b)(6), subparagraph (A) of this paragraph shall be applied-- ``(i) in clause (i) of such subparagraph, by substituting `6.2 cents' for `$1', ``(ii) in clause (ii) of such subparagraph, by substituting `5.6 cents' for `90 cents', and ``(iii) in clause (iii) of such subparagraph, by substituting `3.3 cents' for `53.5 cents'.'', (b) Controlled Group and Single Taxpayer Rules.--Paragraph (4) of section 5041(c) is amended by striking ``section 5051(a)(2)(B)'' and inserting ``section 5051(a)(5)''. (c) Allowance of Credit for Foreign Manufacturers and Importers.--Subsection (c) of section 5041, as amended by subsection (a), is amended-- (1) in subparagraph (A) of paragraph (8), by inserting ``but only if the importer is an electing importer under paragraph (9) and the wine gallons of wine have been assigned to the importer pursuant to such paragraph'' after ``into the United States during the calendar year'', and (2) by adding at the end the following new paragraph: ``(9) Allowance of credit for foreign manufacturers and importers.-- ``(A) In general.--In the case of any wine gallons of wine which have been ***produced*** outside of the United States and imported into the United States, the credit allowable under paragraph (8) (referred to in this paragraph as the `tax credit') may be assigned by the person who ***produced*** such wine (referred to in this paragraph as the `foreign ***producer***'), provided that such person makes an election described in subparagraph (B)(ii), to any electing importer of such wine gallons pursuant to the requirements established by the Secretary under subparagraph (B). ``(B) Assignment.--The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for assignment of the tax credit provided under this paragraph, which shall include-- ``(i) a limitation to ensure that the number of wine gallons of wine for which the tax credit has been assigned by a foreign ***producer***-- ``(I) to any importer does not exceed the number of wine gallons of wine ***produced*** by such foreign ***producer*** during the calendar year which were imported into the United States by such importer, and ``(II) to all importers does not exceed the 750,000 wine gallons of wine to which the tax credit applies, [[Page S7788]] ``(ii) procedures that allow the election of a foreign ***producer*** to assign and an importer to receive the tax credit provided under this paragraph, ``(iii) requirements that the foreign ***producer*** provide any information as the Secretary determines necessary and appropriate for purposes of carrying out this paragraph, and ``(iv) procedures that allow for revocation of eligibility of the foreign ***producer*** and the importer for the tax credit provided under this paragraph in the case of any erroneous or fraudulent information provided under clause (iii) which the Secretary deems to be material to qualifying for such credit. ``(C) Controlled group.--For purposes of this section, any importer making an election described in subparagraph (B)(ii) shall be deemed to be a member of the controlled group of the foreign ***producer***, as described under paragraph (4).''. (d) Effective Date.--The amendments made by this section shall apply to wine removed after December 31, 2017. SEC. 13805. ADJUSTMENT OF ALCOHOL CONTENT LEVEL FOR APPLICATION OF EXCISE TAX RATES. (a) In General.--Paragraphs (1) and (2) of section 5041(b) are each amended by inserting ``(16 percent in the case of wine removed after December 31, 2017, and before January 1, 2020'' after ``14 percent''. (b) Effective Date.--The amendments made by this section shall apply to wine removed after December 31, 2017. SEC. 13806. DEFINITION OF MEAD AND LOW ALCOHOL BY VOLUME WINE. (a) In General.--Section 5041 is amended-- (1) in subsection (a), by striking ``Still wines'' and inserting ``Subject to subsection (h), still wines'', and (2) by adding at the end the following new subsection: ``(h) Mead and Low Alcohol by Volume Wine.-- ``(1) In general.--For purposes of subsections (a) and (b)(1), mead and low alcohol by volume wine shall be deemed to be still wines containing not more than 16 percent of alcohol by volume. ``(2) Definitions.-- ``(A) Mead.--For purposes of this section, the term `mead' means a wine-- ``(i) containing not more than 0.64 gram of carbon dioxide per hundred milliliters of wine, except that the Secretary shall by regulations prescribe such tolerances to this limitation as may be reasonably necessary in good commercial practice, ``(ii) which is derived solely from honey and water, ``(iii) which contains no fruit product or fruit flavoring, and ``(iv) which contains less than 8.5 percent alcohol by volume. ``(B) Low alcohol by volume wine.--For purposes of this section, the term `low alcohol by volume wine' means a wine-- ``(i) containing not more than 0.64 gram of carbon dioxide per hundred milliliters of wine, except that the Secretary shall by regulations prescribe such tolerances to this limitation as may be reasonably necessary in good commercial practice, ``(ii) which is derived-- ``(I) primarily from grapes, or ``(II) from grape juice concentrate and water, ``(iii) which contains no fruit product or fruit flavoring other than grape, and ``(iv) which contains less than 8.5 percent alcohol by volume. ``(3) Termination.--This subsection shall not apply to wine removed after December 31, 2019.''. (b) Effective Date.--The amendments made by this section shall apply to wine removed after December 31, 2017. SEC. 13807. REDUCED RATE OF EXCISE TAX ON CERTAIN DISTILLED SPIRITS. (a) In General.--Section 5001 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection: ``(c) Reduced Rate for 2018 and 2019.-- ``(1) In general.--In the case of a distilled spirits operation, the otherwise applicable tax rate under subsection (a)(1) shall be-- ``(A) $2.70 per proof gallon on the first 100,000 proof gallons of distilled spirits, and ``(B) $13.34 per proof gallon on the first 22,130,000 of proof gallons of distilled spirits to which subparagraph (A) does not apply, which have been distilled or processed by such operation and removed during the calendar year for consumption or sale, or which have been imported by the importer into the United States during the calendar year. ``(2) Controlled groups.-- ``(A) In general.--In the case of a controlled group, the proof gallon quantities specified under subparagraphs (A) and (B) of paragraph (1) shall be applied to such group and apportioned among the members of such group in such manner as the Secretary or their delegate shall by regulations prescribe. ``(B) Definition.--For purposes of subparagraph (A), the term `controlled group' shall have the meaning given such term by subsection (a) of section 1563, except that `more than 50 percent' shall be substituted for `at least 80 percent' each place it appears in such subsection. ``(C) Rules for non-corporations.--Under regulations prescribed by the Secretary, principles similar to the principles of subparagraphs (A) and (B) shall be applied to a group under common control where one or more of the persons is not a corporation. ``(D) Single taxpayer.--Pursuant to rules issued by the Secretary, two or more entities (whether or not under common control) that ***produce*** distilled spirits marketed under a similar brand, license, franchise, or other arrangement shall be treated as a single taxpayer for purposes of the application of this subsection. ``(3) Termination.--This subsection shall not apply to distilled spirits removed after December 31, 2019.''. (b) Conforming Amendment.--Section 7652(f)(2) is amended by striking ``section 5001(a)(1)'' and inserting ``subsection (a)(1) of section 5001, determined as if subsection (c)(1) of such section did not apply''. (c) Application of Reduced Tax Rate for Foreign Manufacturers and Importers.--Subsection (c) of section 5001, as added by subsection (a), is amended-- (1) in paragraph (1), by inserting ``but only if the importer is an electing importer under paragraph (3) and the proof gallons of distilled spirits have been assigned to the importer pursuant to such paragraph'' after ``into the United States during the calendar year'', and (2) by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph: ``(3) Reduced tax rate for foreign manufacturers and importers.-- ``(A) In general.--In the case of any proof gallons of distilled spirits which have been ***produced*** outside of the United States and imported into the United States, the rate of tax applicable under paragraph (1) (referred to in this paragraph as the `reduced tax rate') may be assigned by the distilled sprits operation (provided that such operation makes an election described in subparagraph (B)(ii)) to any electing importer of such proof gallons pursuant to the requirements established by the Secretary under subparagraph (B). ``(B) Assignment.--The Secretary shall, through such rules, regulations, and procedures as are determined appropriate, establish procedures for assignment of the reduced tax rate provided under this paragraph, which shall include-- ``(i) a limitation to ensure that the number of proof gallons of distilled spirits for which the reduced tax rate has been assigned by a distilled spirits operation-- ``(I) to any importer does not exceed the number of proof gallons ***produced*** by such operation during the calendar year which were imported into the United States by such importer, and ``(II) to all importers does not exceed the 22,230,000 proof gallons of distilled spirits to which the reduced tax rate applies, ``(ii) procedures that allow the election of a distilled spirits operation to assign and an importer to receive the reduced tax rate provided under this paragraph, ``(iii) requirements that the distilled spirits operation provide any information as the Secretary determines necessary and appropriate for purposes of carrying out this paragraph, and ``(iv) procedures that allow for revocation of eligibility of the distilled spirits operation and the importer for the reduced tax rate provided under this paragraph in the case of any erroneous or fraudulent information provided under clause (iii) which the Secretary deems to be material to qualifying for such reduced rate. ``(C) Controlled group.-- ``(i) In general.--For purposes of this section, any importer making an election described in subparagraph (B)(ii) shall be deemed to be a member of the controlled group of the distilled spirits operation, as described under paragraph (2). ``(ii) Apportionment.--For purposes of this paragraph, in the case of a controlled group, rules similar to section 5051(a)(5)(B) shall apply.''. (d) Effective Date.--The amendments made by this section shall apply to distilled spirits removed after December 31, 2017. SEC. 13808. BULK DISTILLED SPIRITS. (a) In General.--Section 5212 is amended by adding at the end the following sentence: ``In the case of distilled spirits transferred in bond after December 31, 2017, and before January 1, 2020, this section shall be applied without regard to whether distilled spirits are bulk distilled spirits.''. (b) Effective Date.--The amendments made by this section shall apply distilled spirits transferred in bond after December 31, 2017. Subpart B--Miscellaneous Provisions SEC. 13821. MODIFICATION OF TAX TREATMENT OF ALASKA NATIVE CORPORATIONS AND SETTLEMENT TRUSTS. (a) Exclusion for ANCSA Payments Assigned to Alaska Native Settlement Trusts.-- (1) In general.--Part III of subchapter B of chapter 1 is amended by inserting before section 140 the following new section: ``SEC. 139G. ASSIGNMENTS TO ALASKA NATIVE SETTLEMENT TRUSTS. ``(a) In General.--In the case of a Native Corporation, gross income shall not include the value of any payments that would otherwise be made, or treated as being made, to such Native Corporation pursuant to, or as required by, any provision of the Alaska Native Claims Settlement Act (43 U.S.C 1601 et seq.), including any payment that would otherwise be made to a Village Corporation pursuant to section 7(j) of the Alaska Native Claims Settlement Act (43 U.S.C 1606(j)), provided that any such payments-- ``(1) are assigned in writing to a Settlement Trust, and ``(2) were not received by such Native Corporation prior to the assignment described in paragraph (1). [[Page S7789]] ``(b) Inclusion in Gross Income.--In the case of a Settlement Trust which has been assigned payments described in subsection (a), gross income shall include such payments when received by such Settlement Trust pursuant to the assignment and shall have the same character as if such payments were received by the Native Corporation. ``(c) Amount and Scope of Assignment.--The amount and scope of any assignment under subsection (a) shall be described with reasonable particularity and may either be in a percentage of one or more such payments or in a fixed dollar amount. ``(d) Duration of Assignment; Revocability.--Any assignment under subsection (a) shall specify-- ``(1) a duration either in perpetuity or for a period of time, and ``(2) whether such assignment is revocable. ``(e) Prohibition on Deduction.--Notwithstanding section 247, no deduction shall be allowed to a Native Corporation for purposes of any amounts described in subsection (a). ``(f) Definitions.--For purposes of this section, the terms `Native Corporation' and `Settlement Trust' have the same meaning given such terms under section 646(h).''. (2) Conforming amendment.--The table of sections for part III of subchapter B of chapter 1 is amended by inserting before the item relating to section 140 the following new item: ``Sec. 139G. Assignments to Alaska Native Settlement Trusts.''. (3) Effective date.--The amendments made by this subsection shall apply to taxable years beginning after December 31, 2016. (b) Deduction of Contributions to Alaska Native Settlement Trusts.-- (1) In general.--Part VIII of subchapter B of chapter 1 is amended by inserting before section 248 the following new section: ``SEC. 247. CONTRIBUTIONS TO ALASKA NATIVE SETTLEMENT TRUSTS. ``(a) In General.--In the case of a Native Corporation, there shall be allowed a deduction for any contributions made by such Native Corporation to a Settlement Trust (regardless of whether an election under section 646 is in effect for such Settlement Trust) for which the Native Corporation has made an annual election under subsection (e). ``(b) Amount of Deduction.--The amount of the deduction under subsection (a) shall be equal to-- ``(1) in the case of a cash contribution (regardless of the method of payment, including currency, coins, money order, or check), the amount of such contribution, or ``(2) in the case of a contribution not described in paragraph (1), the lesser of-- ``(A) the Native Corporation's adjusted basis in the property contributed, or ``(B) the fair market value of the property contributed. ``(c) Limitation and Carryover.-- ``(1) In general.--Subject to paragraph (2), the deduction allowed under subsection (a) for any taxable year shall not exceed the taxable income (as determined without regard to such deduction) of the Native Corporation for the taxable year in which the contribution was made. ``(2) Carryover.--If the aggregate amount of contributions described in subsection (a) for any taxable year exceeds the limitation under paragraph (1), such excess shall be treated as a contribution described in subsection (a) in each of the 15 succeeding years in order of time. ``(d) Definitions.--For purposes of this section, the terms `Native Corporation' and `Settlement Trust' have the same meaning given such terms under section 646(h). ``(e) Manner of Making Election.-- ``(1) In general.--For each taxable year, a Native Corporation may elect to have this section apply for such taxable year on the income tax return or an amendment or supplement to the return of the Native Corporation, with such election to have effect solely for such taxable year. ``(2) Revocation.--Any election made by a Native Corporation pursuant to this subsection may be revoked pursuant to a timely filed amendment or supplement to the income tax return of such Native Corporation. ``(f) Additional Rules.-- ``(1) Earnings and profits.--Notwithstanding section 646(d)(2), in the case of a Native Corporation which claims a deduction under this section for any taxable year, the earnings and profits of such Native Corporation for such taxable year shall be reduced by the amount of such deduction. ``(2) Gain or loss.--No gain or loss shall be recognized by the Native Corporation with respect to a contribution of property for which a deduction is allowed under this section. ``(3) Income.--Subject to subsection (g), a Settlement Trust shall include in income the amount of any deduction allowed under this section in the taxable year in which the Settlement Trust actually receives such contribution. ``(4) Period.--The holding period under section 1223 of the Settlement Trust shall include the period the property was held by the Native Corporation. ``(5) Basis.--The basis that a Settlement Trust has for which a deduction is allowed under this section shall be equal to the lesser of-- ``(A) the adjusted basis of the Native Corporation in such property immediately before such contribution, or ``(B) the fair market value of the property immediately before such contribution. ``(6) Prohibition.--No deduction shall be allowed under this section with respect to any contributions made to a Settlement Trust which are in violation of subsection (a)(2) or (c)(2) of section 39 of the Alaska Native Claims Settlement Act (43 U.S.C 1629e). ``(g) Election by Settlement Trust To Defer Income Recognition.-- ``(1) In general.--In the case of a contribution which consists of property other than cash, a Settlement Trust may elect to defer recognition of any income related to such property until the sale or exchange of such property, in whole or in part, by the Settlement Trust. ``(2) Treatment.--In the case of property described in paragraph (1), any income or gain realized on the sale or exchange of such property shall be treated as-- ``(A) for such amount of the income or gain as is equal to or less than the amount of income which would be included in income at the time of contribution under subsection (f)(3) but for the taxpayer's election under this subsection, ordinary income, and ``(B) for any amounts of the income or gain which are in excess of the amount of income which would be included in income at the time of contribution under subsection (f)(3) but for the taxpayer's election under this subsection, having the same character as if this subsection did not apply. ``(3) Election.-- ``(A) In general.--For each taxable year, a Settlement Trust may elect to apply this subsection for any property described in paragraph (1) which was contributed during such year. Any property to which the election applies shall be identified and described with reasonable particularity on the income tax return or an amendment or supplement to the return of the Settlement Trust, with such election to have effect solely for such taxable year. ``(B) Revocation.--Any election made by a Settlement Trust pursuant to this subsection may be revoked pursuant to a timely filed amendment or supplement to the income tax return of such Settlement Trust. ``(C) Certain dispositions.-- ``(i) In general.--In the case of any property for which an election is in effect under this subsection and which is disposed of within the first taxable year subsequent to the taxable year in which such property was contributed to the Settlement Trust-- ``(I) this section shall be applied as if the election under this subsection had not been made, ``(II) any income or gain which would have been included in the year of contribution under subsection (f)(3) but for the taxpayer's election under this subsection shall be included in income for the taxable year of such contribution, and ``(III) the Settlement Trust shall pay any increase in tax resulting from such inclusion, including any applicable interest, and increased by 10 percent of the amount of such increase with interest. ``(ii) Assessment.--Notwithstanding section 6501(a), any amount described in subclause (III) of clause (i) may be assessed, or a proceeding in court with respect to such amount may be initiated without assessment, within 4 years after the date on which the return making the election under this subsection for such property was filed.''. (2) Conforming amendment.--The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting before the item relating to section 248 the following new item: ``Sec. 247. Contributions to Alaska Native Settlement Trusts.''. (3) Effective date.-- (A) In general.--The amendments made by this subsection shall apply to taxable years for which the period of limitation on refund or credit under section 6511 of the Internal Revenue Code of 1986 has not expired. (B) One-year waiver of statute of limitations.--If the period of limitation on a credit or refund resulting from the amendments made by paragraph (1) expires before the end of the 1-year period beginning on the date of the enactment of this Act, refund or credit of such overpayment (to the extent attributable to such amendments) may, nevertheless, be made or allowed if claim therefor is filed before the close of such 1-year period. (c) Information Reporting for Deductible Contributions to Alaska Native Settlement Trusts.-- (1) In general.--Section 6039H is amended-- (A) in the heading, by striking ``sponsoring'', and (B) by adding at the end the following new subsection: ``(e) Deductible Contributions by Native Corporations to Alaska Native Settlement Trusts.-- ``(1) In general.--Any Native Corporation (as defined in subsection (m) of section 3 of the Alaska Native Claims Settlement Act (43 U.S.C 1602(m))) which has made a contribution to a Settlement Trust (as defined in subsection (t) of such section) to which an election under subsection (e) of section 247 applies shall provide such Settlement Trust with a statement regarding such election not later than January 31 of the calendar year subsequent to the calendar year in which the contribution was made. ``(2) Content of statement.--The statement described in paragraph (1) shall include-- ``(A) the total amount of contributions to which the election under subsection (e) of section 247 applies, ``(B) for each contribution, whether such contribution was in cash, [[Page S7790]] ``(C) for each contribution which consists of property other than cash, the date that such property was acquired by the Native Corporation and the adjusted basis and fair market value of such property on the date such property was contributed to the Settlement Trust, ``(D) the date on which each contribution was made to the Settlement Trust, and ``(E) such information as the Secretary determines to be necessary or appropriate for the identification of each contribution and the accurate inclusion of income relating to such contributions by the Settlement Trust.''. (2) Conforming amendment.--The item relating to section 6039H in the table of sections for subpart A of part III of subchapter A of chapter 61 is amended to read as follows: ``Sec. 6039H. Information With Respect to Alaska Native Settlement Trusts and Native Corporations.''. (3) Effective date.--The amendments made by this subsection shall apply to taxable years beginning after December 31, 2016. SEC. 13822. AMOUNTS PAID FOR AIRCRAFT MANAGEMENT SERVICES. (a) In General.--Subsection (e) of section 4261 is amended by adding at the end the following new paragraph: ``(5) Amounts paid for aircraft management services.-- ``(A) In general.--No tax shall be imposed by this section or section 4271 on any amounts paid by an aircraft owner for aircraft management services related to-- ``(i) maintenance and support of the aircraft owner's aircraft, or ``(ii) flights on the aircraft owner's aircraft. ``(B) Aircraft management services.--For purposes of subparagraph (A), the term `aircraft management services' includes-- ``(i) assisting an aircraft owner with administrative and support services, such as scheduling, flight ***planning***, and weather forecasting, ``(ii) obtaining insurance, ``(iii) maintenance, storage and fueling of aircraft, ``(iv) hiring, training, and provision of pilots and crew, ``(v) establishing and complying with safety standards, and ``(vi) such other services as are necessary to support flights operated by an aircraft owner. ``(C) Lessee treated as aircraft owner.-- ``(i) In general.--For purposes of this paragraph, the term `aircraft owner' includes a person who leases the aircraft other than under a disqualified lease. ``(ii) Disqualified lease.--For purposes of clause (i), the term `disqualified lease' means a lease from a person providing aircraft management services with respect to such aircraft (or a related person (within the meaning of section 465(b)(3)(C)) to the person providing such services), if such lease is for a term of 31 days or less. ``(D) Pro rata allocation.--In the case of amounts paid to any person which (but for this subsection) are subject to the tax imposed by subsection (a), a portion of which consists of amounts described in subparagraph (A), this paragraph shall apply on a pro rata basis only to the portion which consists of amounts described in such subparagraph.''. (b) Effective Date.--The amendment made by this section shall apply to amounts paid after the date of the enactment of this Act. SEC. 13823. OPPORTUNITY ZONES. (a) In General.--Chapter 1 is amended by adding at the end the following: ``Subchapter Z--Opportunity Zones ``Sec. 1400Z-1. Designation. ``Sec. 1400Z-2. Special rules for capital gains invested in opportunity zones. ``SEC. 1400Z-1. DESIGNATION. ``(a) Qualified Opportunity Zone Defined.--For the purposes of this subchapter, the term `qualified opportunity zone' means a population census tract that is a low-income community that is designated as a qualified opportunity zone. ``(b) Designation.-- ``(1) In general.--For purposes of subsection (a), a population census tract that is a low-income community is designated as a qualified opportunity zone if-- ``(A) not later than the end of the determination period, the governor of the State in which the tract is located-- ``(i) nominates the tract for designation as a qualified opportunity zone, and ``(ii) notifies the Secretary in writing of such nomination, and ``(B) the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period. ``(2) Extension of periods.--A governor may request that the Secretary extend either the determination or consideration period, or both (determined without regard to this subparagraph), for an additional 30 days. ``(c) Other Definitions.--For purposes of this subsection-- ``(1) Low-income communities.--The term `low-income community' has the same meaning as when used in section 45D(e). ``(2) Definition of periods.-- ``(A) Consideration period.--The term `consideration period' means the 30-day period beginning on the date on which the Secretary receives notice under subsection (b)(1)(A)(ii), as extended under subsection (b)(2). ``(B) Determination period.--The term `determination period' means the 90-day period beginning on the date of the enactment of the Tax Cuts and Jobs Act, as extended under subsection (b)(2). ``(3) State.--For purposes of this section, the term `State' includes any possession of the United States. ``(d) Number of Designations.-- ``(1) In general.--Except as provided by paragraph (2), the number of population census tracts in a State that may be designated as qualified opportunity zones under this section may not exceed 25 percent of the number of low-income communities in the State. ``(2) Exception.--If the number of low-income communities in a State is less than 100, then a total of 25 of such tracts may be designated as qualified opportunity zones. ``(e) Designation of Tracts Contiguous With Low-Income Communities.-- ``(1) In general.--A population census tract that is not a low-income community may be designated as a qualified opportunity zone under this section if-- ``(A) the tract is contiguous with the low-income community that is designated as a qualified opportunity zone, and ``(B) the median family income of the tract does not exceed 125 percent of the median family income of the low-income community with which the tract is contiguous. ``(2) Limitation.--Not more than 5 percent of the population census tracts designated in a State as a qualified opportunity zone may be designated under paragraph (1). ``(f) Period for Which Designation Is in Effect.--A designation as a qualified opportunity zone shall remain in effect for the period beginning on the date of the designation and ending at the close of the 10th calendar year beginning on or after such date of designation. ``SEC. 1400Z-2. SPECIAL RULES FOR CAPITAL GAINS INVESTED IN OPPORTUNITY ZONES. ``(a) In General.--In the case of gain from the sale to, or exchange with, an unrelated person of any property held by the taxpayer, at the election of the taxpayer-- ``(1) gross income for the taxable year shall not include so much of such gain as does not exceed the aggregate amount invested by the taxpayer in a qualified opportunity fund during the 180-day period beginning on the date of such sale or exchange, ``(2) the amount of gain excluded by paragraph (1) shall be included in gross income as provided by subsection (b), and ``(3) subsection (c) shall apply. No election may be made under the preceding sentence with respect to a sale or exchange if an election previously made with respect to such sale or exchange is in effect. ``(b) Deferral of Gain Invested in Opportunity Zone Property.-- ``(1) Year of inclusion.--Gain to which subsection (a)(2) applies shall be included in income in the taxable year which includes the earlier of-- ``(A) the date on which such investment is sold or exchanged, or ``(B) December 31, 2026. ``(2) Amount includible.-- ``(A) In general.--The amount of gain included in gross income under subsection (a)(1) shall be the excess of-- ``(i) the lesser of the amount of gain excluded under paragraph (1) or the fair market value of the property as determined as of the date described in paragraph (1), over ``(ii) the taxpayer's basis in the investment. ``(B) Determination of basis.-- ``(i) In general.--Except as otherwise provided in this clause or subsection (c), the taxpayer's basis in the investment shall be zero. ``(ii) Increase for gain recognized under subsection (a)(2).--The basis in the investment shall be increased by the amount of gain recognized by reason of subsection (a)(2) with respect to such property. ``(iii) Investments held for 5 years.--In the case of any investment held for at least 5 years, the basis of such investment shall be increased by an amount equal to 10 percent of the amount of gain deferred by reason of subsection (a)(1). ``(iv) Investments held for 7 years.--In the case of any investment held by the taxpayer for at least 7 years, in addition to any adjustment made under clause (iii), the basis of such property shall be increased by an amount equal to 5 percent of the amount of gain deferred by reason of subsection (a)(1). ``(c) Special Rule for Investments Held for at Least 10 Years.--In the case of any investment held by the taxpayer for at least 10 years and with respect to which the taxpayer makes an election under this clause, the basis of such property shall be equal to the fair market value of such investment on the date that the investment is sold or exchanged. ``(d) Qualified Opportunity Fund.--For purposes of this section-- ``(1) Qualified opportunity fund.--The term `qualified opportunity fund' means any investment vehicle which is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund) that holds at least 90 percent of its assets in qualified opportunity zone property, determined-- ``(A) on the last day of the first 6-month period of the taxable year of the fund, and ``(B) on the last day of the taxable year of the fund. [[Page S7791]] ``(2) Qualified opportunity zone property.-- ``(A) In general.--The term `qualified opportunity zone property' means property which is-- ``(i) qualified opportunity zone stock, ``(ii) qualified opportunity zone partnership interest, or ``(iii) qualified opportunity zone business property. ``(B) Qualified opportunity zone stock.-- ``(i) In general.--Except as provided in clause (ii), the term `qualified opportunity zone stock' means any stock in a domestic corporation if-- ``(I) such stock is acquired by the taxpayer after December 31, 2017, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash, ``(II) as of the time such stock was issued, such corporation was a qualified opportunity zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being a qualified opportunity zone business), and ``(III) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a qualified opportunity zone business. ``(ii) Redemptions.--A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph. ``(C) Qualified opportunity zone partnership interest.--The term `qualified opportunity zone partnership interest' means any capital or profits interest in a domestic partnership if-- ``(i) such interest is acquired by the taxpayer after December 31, 2017, from the partnership solely in exchange for cash, ``(ii) as of the time such interest was acquired, such partnership was a qualified opportunity zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being a qualified opportunity zone business), and ``(iii) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a qualified opportunity zone business. ``(D) Qualified opportunity zone business property.-- ``(i) In general.--The term `qualified opportunity zone business property' means tangible property used in a trade or business of the taxpayer if-- ``(I) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2017, ``(II) the original use of such property in the qualified opportunity zone commences with the taxpayer or the taxpayer substantially improves the property, and ``(III) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a qualified opportunity zone. ``(ii) Substantial improvement.--For purposes of subparagraph (A)(ii), property shall be treated as substantially improved by the taxpayer only if, during any 30-month period beginning after the date of acquisition of such property, additions to basis with respect to such property in the hands of the taxpayer exceed an amount equal to the adjusted basis of such property at the beginning of such 30-month period in the hands of the taxpayer. ``(iii) Related party.--For purposes of subparagraph (A)(i), the related person rule of section 179(d)(2) shall be applied pursuant to paragraph (8) of this subsection in lieu of the application of such rule in section 179(d)(2)(A). ``(3) Qualified opportunity zone business.-- ``(A) In general.--The term `qualified opportunity zone business' means a trade or business-- ``(i) in which substantially all of the tangible property owned or leased by the taxpayer is qualified opportunity zone business property, ``(ii) which satisfies the requirements of paragraphs (2), (4), and (8) of section 1397C(b), and ``(iii) which is not described in section 144(c)(6)(B). ``(B) Special rule.--For purposes of subparagraph (A), tangible property that ceases to be a qualified opportunity zone business property shall continue to be treated as a qualified opportunity zone business property for the lesser of-- ``(i) 5 years after the date on which such tangible property ceases to be so qualified, or ``(ii) the date on which such tangible property is no longer held by the qualified opportunity zone business. ``(e) Applicable Rules.-- ``(1) Treatment of investments with mixed funds.--In the case of any investment in a qualified opportunity fund only a portion of which consists of investments of gain to which an election under subsection (a)(1) is in effect-- ``(A) such investment shall be treated as 2 separate investments, consisting of-- ``(i) one investment that only includes amounts to which the election under subsection (a)(1) applies, and ``(ii) a separate investment consisting of other amounts, and ``(B) subsections (a), (b), and (c) shall only apply to the investment described in subparagraph (A)(i). ``(2) Related persons.--For purposes of this section, persons are related to each other if such persons are described in section 267(b) or 707(b)(1), determined by substituting `20 percent' for `50 percent' each place it occurs in such sections. ``(3) Decedents.--In the case of a decedent, amounts recognized under this section shall, if not properly includible in the gross income of the decedent, be includible in gross income as provided by section 691. ``(4) Regulations.--The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including-- ``(A) rules for the certification of qualified opportunity funds for the purposes of this section, and ``(B) rules to prevent abuse. ``(f) Failure of Qualified Opportunity Fund to Maintain Investment Standard.-- ``(1) In general.--If a qualified opportunity fund fails to meet the 90-percent requirement of subsection (c)(1), the qualified opportunity fund shall pay a penalty for each month it fails to meet the requirement in an amount equal to the product of-- ``(A) the excess of-- ``(i) the amount equal to 90 percent of its aggregate assets, over ``(ii) the aggregate amount of qualified opportunity zone property held by the fund, multiplied by ``(B) the underpayment rate established under section 6621(a)(2) for such month. ``(2) Special rule for partnerships.--In the case that the qualified opportunity fund is a partnership, the penalty imposed by paragraph (1) shall be taken into account proportionately as part of the distributive share of each partner of the partnership. ``(3) Reasonable cause exception.--No penalty shall be imposed under this subsection with respect to any failure if it is shown that such failure is due to reasonable cause.''. (b) Basis Adjustments.--Section 1016(a) is amended by striking ``and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting ``, and'', and by inserting after paragraph (37) the following: ``(38) to the extent provided in subsections (b)(2) and (c) of section 1400Z-2.''. (c) Clerical Amendment.--The table of subchapters for chapter 1 is amended by adding at the end the following new item: ``subchapter z. opportunity zones''. (d) Effective Date.--The amendments made by this section shall take effect on the date of the enactment of this Act. Subtitle D--International Tax Provisions PART I--OUTBOUND TRANSACTIONS Subpart A--Establishment of Participation Exemption System for Taxation of Foreign Income SEC. 14101. DEDUCTION FOR FOREIGN-SOURCE PORTION OF DIVIDENDS RECEIVED BY DOMESTIC CORPORATIONS FROM SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS. (a) In General.--Part VIII of subchapter B of chapter 1 is amended by inserting after section 245 the following new section: ``SEC. 245A. DEDUCTION FOR FOREIGN SOURCE-PORTION OF DIVIDENDS RECEIVED BY DOMESTIC CORPORATIONS FROM SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS. ``(a) In General.--In the case of any dividend received from a specified 10-percent owned foreign corporation by a domestic corporation which is a United States shareholder with respect to such foreign corporation, there shall be allowed as a deduction an amount equal to the foreign-source portion of such dividend. ``(b) Specified 10-percent Owned Foreign Corporation.--For purposes of this section-- ``(1) In general.--The term `specified 10-percent owned foreign corporation' means any foreign corporation with respect to which any domestic corporation is a United States shareholder with respect to such corporation. ``(2) Exclusion of passive foreign investment companies.-- Such term shall not include any corporation which is a passive foreign investment company (as defined in section 1297) with respect to the shareholder and which is not a controlled foreign corporation. ``(c) Foreign-source Portion.--For purposes of this section-- ``(1) In general.--The foreign-source portion of any dividend from a specified 10-percent owned foreign corporation is an amount which bears the same ratio to such dividend as-- ``(A) the undistributed foreign earnings of the specified 10-percent owned foreign corporation, bears to ``(B) the total undistributed earnings of such foreign corporation. ``(2) Undistributed earnings.--The term `undistributed earnings' means the amount of the earnings and profits of the specified 10-percent owned foreign corporation (computed in accordance with sections 964(a) and 986)-- ``(A) as of the close of the taxable year of the specified 10-percent owned foreign corporation in which the dividend is distributed, and ``(B) without diminution by reason of dividends distributed during such taxable year. ``(3) Undistributed foreign earnings.--The term `undistributed foreign earnings' means the portion of the undistributed earnings which is attributable to neither-- ``(A) income described in subparagraph (A) of section 245(a)(5), nor [[Page S7792]] ``(B) dividends described in subparagraph (B) of such section (determined without regard to section 245(a)(12)). ``(d) Disallowance of Foreign Tax Credit, etc.-- ``(1) In general.--No credit shall be allowed under section 901 for any taxes paid or accrued (or treated as paid or accrued) with respect to any distribution any portion of which constitutes a dividend for which a deduction is allowed under this section. ``(2) Denial of deduction.--No deduction shall be allowed under this chapter for any tax for which credit is not allowable under section 901 by reason of paragraph (1) (determined by treating the taxpayer as having elected the benefits of subpart A of part III of subchapter N). ``(e) Special Rules for Hybrid Dividends.-- ``(1) In general.--Subsection (a) shall not apply to any dividend received by a United States shareholder from a controlled foreign corporation if the dividend is a hybrid dividend. ``(2) Hybrid dividends of tiered corporations.--If a controlled foreign corporation with respect to which a domestic corporation is a United States shareholder receives a hybrid dividend from any other controlled foreign corporation with respect to which such domestic corporation is also a United States shareholder, then, notwithstanding any other provision of this title-- ``(A) the hybrid dividend shall be treated for purposes of section 951(a)(1)(A) as subpart F income of the receiving controlled foreign corporation for the taxable year of the controlled foreign corporation in which the dividend was received, and ``(B) the United States shareholder shall include in gross income an amount equal to the shareholder's pro rata share (determined in the same manner as under section 951(a)(2)) of the subpart F income described in subparagraph (A). ``(3) Denial of foreign tax credit, etc.--The rules of subsection (d) shall apply to any hybrid dividend received by, or any amount included under paragraph (2) in the gross income of, a United States shareholder. ``(4) Hybrid dividend.--The term `hybrid dividend' means an amount received from a controlled foreign corporation-- ``(A) for which a deduction would be allowed under subsection (a) but for this subsection, and ``(B) for which the controlled foreign corporation received a deduction (or other tax benefit) from taxes imposed by any foreign country. ``(f) Special Rule for Purging Distributions of Passive Foreign Investment Companies.--Any amount which is treated as a dividend under section 1291(d)(2)(B) shall not be treated as a dividend for purposes of this section. ``(g) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations for the treatment of United States shareholders owning stock of a specified 10 percent owned foreign corporation through a partnership.''. (b) Application of Holding Period Requirement.--Subsection (c) of section 246 is amended-- (1) by striking ``or 245'' in paragraph (1) and inserting ``245, or 245A'', and (2) by adding at the end the following new paragraph: ``(5) Special rules for foreign source portion of dividends received from specified 10-percent owned foreign corporations.-- ``(A) 1-year holding period requirement.--For purposes of section 245A-- ``(i) paragraph (1)(A) shall be applied-- ``(I) by substituting `365 days' for `45 days' each place it appears, and ``(II) by substituting `731-day period' for `91-day period', and ``(ii) paragraph (2) shall not apply. ``(B) Status must be maintained during holding period.--For purposes of applying paragraph (1) with respect to section 245A, the taxpayer shall be treated as holding the stock referred to in paragraph (1) for any period only if-- ``(i) the specified 10-percent owned foreign corporation referred to in section 245A(a) is a specified 10-percent owned foreign corporation at all times during such period, and ``(ii) the taxpayer is a United States shareholder with respect to such specified 10-percent owned foreign corporation at all times during such period.''. (c) Application of Rules Generally Applicable to Deductions for Dividends Received.-- (1) Treatment of dividends from certain corporations.-- Paragraph (1) of section 246(a) is amended by striking ``and 245'' and inserting ``245, and 245A''. (2) Assets generating tax-exempt portion of dividend not taken into account in allocating and apportioning deductible expenses.--Paragraph (3) of section 864(e) is amended by striking ``or 245(a)'' and inserting ``, 245(a), or 245A''. (3) Coordination with section 1059.--Subparagraph (B) of section 1059(b)(2) is amended by striking ``or 245'' and inserting ``245, or 245A''. (d) Coordination With Foreign Tax Credit Limitation.-- Subsection (b) of section 904 is amended by adding at the end the following new paragraph: ``(5) Treatment of dividends for which deduction is allowed under section 245a.--For purposes of subsection (a), in the case of a domestic corporation which is a United States shareholder with respect to a specified 10-percent owned foreign corporation, such domestic corporation's taxable income from sources without the United States shall be determined without regard to-- ``(A) the foreign-source portion of any dividend received from such foreign corporation, and ``(B) any deductions properly allocable to such portion. Any term which is used in section 245A and in this paragraph shall have the same meaning for purposes of this paragraph as when used in such section.''. (e) Conforming Amendments.-- (1) Subsection (b) of section 951 is amended by striking ``subpart'' and inserting ``title''. (2) Subsection (a) of section 957 is amended by striking ``subpart'' in the matter preceding paragraph (1) and inserting ``title''. (3) The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting after the item relating to section 245 the following new item: ``Sec. 245A. Dividends received by domestic corporations from certain foreign corporations.''. (f) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14102. SPECIAL RULES RELATING TO SALES OR TRANSFERS INVOLVING SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS. (a) Sales by United States Persons of Stock.--Section 1248 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection: ``(j) Coordination With Dividends Received Deduction.--In the case of the sale or exchange by a domestic corporation of stock in a foreign corporation held for 1 year or more, any amount received by the domestic corporation which is treated as a dividend by reason of this section shall be treated as a dividend for purposes of applying section 245A.''. (b) Basis in Specified 10-percent Owned Foreign Corporation Reduced by Nontaxed Portion of Dividend for Purposes of Determining Loss.-- (1) In general.--Section 961 is amended by adding at the end the following new subsection: ``(d) Basis in Specified 10-percent Owned Foreign Corporation Reduced by Nontaxed Portion of Dividend for Purposes of Determining Loss.--If a domestic corporation receives a dividend from a specified 10-percent owned foreign corporation (as defined in section 245A) in any taxable year, solely for purposes of determining loss on any disposition of stock of such foreign corporation in such taxable year or any subsequent taxable year, the basis of such domestic corporation in such stock shall be reduced (but not below zero) by the amount of any deduction allowable to such domestic corporation under section 245A with respect to such stock.''. (2) Effective date.--The amendments made by this subsection shall apply to dividends received in taxable years beginning after December 31, 2017. (c) Sale by a CFC of a Lower Tier CFC.--Section 964(e) is amended by adding at the end the following new paragraph: ``(4) Coordination with dividends received deduction.-- ``(A) In general.--If, for any taxable year of a controlled foreign corporation beginning after December 31, 2017, any amount is treated as a dividend under paragraph (1) by reason of a sale or exchange by the controlled foreign corporation of stock in another foreign corporation held for 1 year or more, then, notwithstanding any other provision of this title-- ``(i) the foreign-source portion of such dividend shall be treated for purposes of section 951(a)(1)(A) as subpart F income of the selling controlled foreign corporation for such taxable year, ``(ii) a United States shareholder with respect to the selling controlled foreign corporation shall include in gross income for the taxable year of the shareholder with or within which such taxable year of the controlled foreign corporation ends an amount equal to the shareholder's pro rata share (determined in the same manner as under section 951(a)(2)) of the amount treated as subpart F income under clause (i), and ``(iii) the deduction under section 245A(a) shall be allowable to the United States shareholder with respect to the subpart F income included in gross income under clause (ii) in the same manner as if such subpart F income were a dividend received by the shareholder from the selling controlled foreign corporation. ``(B) Effect of loss on earnings and profits.--For purposes of this title, in the case of a sale or exchange by a controlled foreign corporation of stock in another foreign corporation in a taxable year of the selling controlled foreign corporation beginning after December 31, 2017, to which this paragraph would apply if gain were recognized, the earnings and profits of the selling controlled foreign corporation shall not be reduced by reason of any loss from such sale or exchange. ``(C) Foreign-source portion.--For purposes of this paragraph, the foreign-source portion of any amount treated as a dividend [[Page S7793]] under paragraph (1) shall be determined in the same manner as under section 245A(c).''. (d) Treatment of Foreign Branch Losses Transferred to Specified 10-percent Owned Foreign Corporations.-- (1) In general.--Part II of subchapter B of chapter 1 is amended by adding at the end the following new section: ``SEC. 91. CERTAIN FOREIGN BRANCH LOSSES TRANSFERRED TO SPECIFIED 10-PERCENT OWNED FOREIGN CORPORATIONS. ``(a) In General.--If a domestic corporation transfers substantially all of the assets of a foreign branch (within the meaning of section 367(a)(3)(C), as in effect before the date of the enactment of the Tax Cuts and Jobs Act) to a specified 10-percent owned foreign corporation (as defined in section 245A) with respect to which it is a United States shareholder after such transfer, such domestic corporation shall include in gross income for the taxable year which includes such transfer an amount equal to the transferred loss amount with respect to such transfer. ``(b) Limitation and Carryforward Based on Foreign-source Dividends Received.-- ``(1) In general.--The amount included in the gross income of the taxpayer under subsection (a) for any taxable year shall not exceed the amount allowed as a deduction under section 245A for such taxable year (taking into account dividends received from all specified 10-percent owned foreign corporations with respect to which the taxpayer is a United States shareholder). ``(2) Amounts not included carried forward.--Any amount not included in gross income for any taxable year by reason of paragraph (1) shall, subject to the application of paragraph (1) to the succeeding taxable year, be included in gross income for the succeeding taxable year. ``(c) Transferred Loss Amount.--For purposes of this section, the term `transferred loss amount' means, with respect to any transfer of substantially all of the assets of a foreign branch, the excess (if any) of-- ``(1) the sum of losses-- ``(A) which were incurred by the foreign branch after December 31, 2017, and before the transfer, and ``(B) with respect to which a deduction was allowed to the taxpayer, over ``(2) the sum of-- ``(A) any taxable income of such branch for a taxable year after the taxable year in which the loss was incurred and through the close of the taxable year of the transfer, and ``(B) any amount which is recognized under section 904(f)(3) on account of the transfer. ``(d) Reduction for Recognized Gains.--The transferred loss amount shall be reduced (but not below zero) by the amount of gain recognized by the taxpayer on account of the transfer (other than amounts taken into account under subsection (c)(2)(B)). ``(e) Source of Income.--Amounts included in gross income under this section shall be treated as derived from sources within the United States. ``(f) Basis Adjustments.--Consistent with such regulations or other guidance as the Secretary shall prescribe, proper adjustments shall be made in the adjusted basis of the taxpayer's stock in the specified 10-percent owned foreign corporation to which the transfer is made, and in the transferee's adjusted basis in the property transferred, to reflect amounts included in gross income under this section.''. (2) Clerical amendment.--The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item: ``Sec. 91. Certain foreign branch losses transferred to specified 10- percent owned foreign corporations.''. (3) Effective date.--The amendments made by this subsection shall apply to transfers after December 31, 2017. (e) Repeal of Active Trade or Business Exception Under Section 367.-- (1) In general.--Section 367(a) is amended by striking paragraph (3) and redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively (2) Conforming amendments.--Section 367(a)(4), as redesignated by paragraph (1), is amended-- (A) by striking ``Paragraphs (2) and (3)'' and inserting ``Paragraph (2)'', and (B) by striking ``Paragraphs (2) and (3)'' in the heading and inserting ``Paragraph (2)''. (3) Effective date.--The amendments made by this subsection shall apply to transfers after December 31, 2017. SEC. 14103. TREATMENT OF DEFERRED FOREIGN INCOME UPON TRANSITION TO PARTICIPATION EXEMPTION SYSTEM OF TAXATION. (a) In General.--Section 965 is amended to read as follows: ``SEC. 965. TREATMENT OF DEFERRED FOREIGN INCOME UPON TRANSITION TO PARTICIPATION EXEMPTION SYSTEM OF TAXATION. ``(a) Treatment of Deferred Foreign Income as Subpart F Income.--In the case of the last taxable year of a deferred income corporation which begins before January 1, 2018, the subpart F income of such foreign corporation (as otherwise determined for such taxable year under section 952) shall be increased by the greater of-- ``(1) the accumulated post-1986 deferred foreign income of such corporation determined as of November 9, 2017, or ``(2) the accumulated post-1986 deferred foreign income of such corporation determined as of December 31, 2017. ``(b) Reduction in Amounts Included in Gross Income of United States Shareholders of Specified Foreign Corporations With Deficits in Earnings and Profits.-- ``(1) In general.--In the case of a taxpayer which is a United States shareholder with respect to at least one deferred foreign income corporation and at least one E&P deficit foreign corporation, the amount which would (but for this subsection) be taken into account under section 951(a)(1) by reason of subsection (a) as such United States shareholder's pro rata share of the subpart F income of each deferred foreign income corporation shall be reduced by the amount of such United States shareholder's aggregate foreign E&P deficit which is allocated under paragraph (2) to such deferred foreign income corporation. ``(2) Allocation of aggregate foreign e&p deficit.--The aggregate foreign E&P deficit of any United States shareholder shall be allocated among the deferred foreign income corporations of such United States shareholder in an amount which bears the same proportion to such aggregate as-- ``(A) such United States shareholder's pro rata share of the accumulated post-1986 deferred foreign income of each such deferred foreign income corporation, bears to ``(B) the aggregate of such United States shareholder's pro rata share of the accumulated post-1986 deferred foreign income of all deferred foreign income corporations of such United States shareholder. ``(3) Definitions related to e&p deficits.--For purposes of this subsection-- ``(A) Aggregate foreign e&p deficit.-- ``(i) In general.--The term `aggregate foreign E&P deficit' means, with respect to any United States shareholder, the lesser of-- ``(I) the aggregate of such shareholder's pro rata shares of the specified E&P deficits of the E&P deficit foreign corporations of such shareholder, or ``(II) the amount determined under paragraph (2)(B). ``(ii) Allocation of deficit.--If the amount described in clause (i)(II) is less than the amount described in clause (i)(I), then the shareholder shall designate, in such form and manner as the Secretary determines-- ``(I) the amount of the specified E&P deficit which is to be taken into account for each E&P deficit corporation with respect to the taxpayer, and ``(II) in the case of an E&P deficit corporation which has a qualified deficit (as defined in section 952), the portion (if any) of the deficit taken into account under subclause (I) which is attributable to a qualified deficit, including the qualified activities to which such portion is attributable. ``(B) E&p deficit foreign corporation.--The term `E&P deficit foreign corporation' means, with respect to any taxpayer, any specified foreign corporation with respect to which such taxpayer is a United States shareholder, if-- ``(i) such specified foreign corporation has a deficit in post-1986 earnings and profits, and ``(ii) as of November 9, 2017-- ``(I) such corporation was a specified foreign corporation, and ``(II) such taxpayer was a United States shareholder of such corporation. ``(C) Specified e&p deficit.--The term `specified E&P deficit' means, with respect to any E&P deficit foreign corporation, the amount of the deficit referred to in subparagraph (B). ``(4) Treatment of earnings and profits in future years.-- ``(A) Reduced earnings and profits treated as previously taxed income when distributed.--For purposes of applying section 959 in any taxable year beginning after December 31, 2017, with respect to any United States shareholder of a deferred foreign income corporation, an amount equal to such shareholder's reduction under paragraph (1) which is allocated to such deferred foreign income corporation under this subsection shall be treated as an amount which was included in the gross income of such United States shareholder under section 951(a). ``(B) E&p deficits.--For purposes of this title, a United States shareholder's pro rata share of the earnings and profits of any specified E&P deficit foreign corporation under this subsection shall be increased by the amount of the specified E&P deficit of such corporation taken into account by such shareholder under paragraph (1), and, for purposes of section 952, such increase shall be attributable to the same activity to which the deficit so taken into account was attributable. ``(c) Application of Participation Exemption to Included Income.-- ``(1) In general.--In the case of a United States shareholder of a deferred foreign income corporation, there shall be allowed as a deduction for the taxable year in which an amount is included in the gross income of such United States shareholder under section 951(a)(1) by reason of this section an amount equal to the sum of-- ``(A) 78.6 percent of the excess (if any) of-- ``(i) the amount so included as gross income, over ``(ii) the amount of such United States shareholder's aggregate foreign cash position, plus ``(B) 58.6 percent of so much of the amount described in subparagraph (A)(ii) as does not exceed the amount described in subparagraph (A)(i). ``(2) Aggregate foreign cash position.--For purposes of this subsection-- [[Page S7794]] ``(A) In general.--The term `aggregate foreign cash position' means, with respect to any United States shareholder, the greater of-- ``(i) the aggregate of such United States shareholder's pro rata share of the cash position of each specified foreign corporation of such United States shareholder determined as of the close of the last taxable year of such specified foreign corporation which begins before January 1, 2018, or ``(ii) one half of the sum of-- ``(I) the aggregate described in clause (i) determined as of the close of the last taxable year of each such specified foreign corporation which ends before November 9, 2017, plus ``(II) the aggregate described in clause (i) determined as of the close of the taxable year of each such specified foreign corporation which precedes the taxable year referred to in subclause (I). ``(B) Cash position.--For purposes of this paragraph, the cash position of any specified foreign corporation is the sum of-- ``(i) cash and foreign currency held by such foreign corporation, ``(ii) the net accounts receivable of such foreign corporation, plus ``(iii) the fair market value of the following assets held by such corporation: ``(I) Personal property which is of a type that is actively traded and for which there is an established financial market (other than stock in the specified foreign corporation). ``(II) Commercial paper, certificates of deposit, the securities of the Federal government and of any State or foreign government. ``(III) Any obligation with a term of less than one year. ``(IV) Any asset which the Secretary identifies as being economically equivalent to any asset described in this subparagraph. ``(C) Net accounts receivable.--For purposes of this paragraph, the term `net accounts receivable' means, with respect to any specified foreign corporation, the excess (if any) of-- ``(i) such corporation's accounts receivable, over ``(ii) such corporation's accounts payable (determined consistent with the rules of section 461). ``(D) Prevention of double counting.--Cash positions of a specified foreign corporation described in clause (ii) or (iii)(III) of subparagraph (B) shall not be taken into account by a United States shareholder under subparagraph (A) to the extent that such United States shareholder demonstrates to the satisfaction of the Secretary that such amount is so taken into account by such United States shareholder with respect to another specified foreign corporation. ``(E) Cash positions of certain non-corporate entities taken into account.--An entity shall be treated as a specified foreign corporation of a United States shareholder for purposes of determining such United States shareholder's aggregate foreign cash position if-- ``(i) such entity is a foreign entity which would be a specified foreign corporation of such United States shareholder if such entity were a corporation, or ``(ii) any interest in such entity is held by a specified foreign corporation of such United States shareholder (determined after application of clause (i)) and such entity would be a specified foreign corporation of such United States shareholder if such entity were a foreign corporation. ``(F) Anti-abuse.--If the Secretary determines that a principal purpose of any transaction was to reduce the aggregate foreign cash position taken into account under this subsection, such transaction shall be disregarded for purposes of this subsection. ``(d) Deferred Foreign Income Corporation; Accumulated Post-1986 Deferred Foreign Income.--For purposes of this section-- ``(1) Deferred foreign income corporation.--The term `deferred foreign income corporation' means, with respect to any United States shareholder, any specified foreign corporation of such United States shareholder which has accumulated post-1986 deferred foreign income (as of the close of the taxable year referred to in subsection (a)) greater than zero. ``(2) Accumulated post-1986 deferred foreign income.--The term `accumulated post-1986 deferred foreign income' means the post-1986 earnings and profits except to the extent such earnings-- ``(A) are attributable to income of the specified foreign corporation which is effectively connected with the conduct of a trade or business within the United States and subject to tax under this chapter, or ``(B) in the case of a controlled foreign corporation, if distributed, would be excluded from the gross income of a United States shareholder under section 959. To the extent provided in regulations or other guidance prescribed by the Secretary, in the case of any controlled foreign corporation which has shareholders which are not United States shareholders, accumulated post-1986 deferred foreign income shall be appropriately reduced by amounts which would be described in subparagraph (B) if such shareholders were United States shareholders. ``(3) Post-1986 earnings and profits.--The term `post-1986 earnings and profits' means the earnings and profits of the foreign corporation (computed in accordance with sections 964(a) and 986, and by only taking into account periods when the foreign corporation was a specified foreign corporation) accumulated in taxable years beginning after December 31, 1986, and determined-- ``(A) as of the date of the taxable year referred to in paragraph (1) or (2) of subsection (a), whichever is applicable with respect to such foreign corporation, and ``(B) without diminution by reason of dividends distributed during the taxable year ending with or including such date. ``(e) Specified Foreign Corporation.-- ``(1) In general.--For purposes of this section, the term `specified foreign corporation' means-- ``(A) any controlled foreign corporation, and ``(B) any section 902 corporation (as defined in section 909(d)(5) as in effect before the date of the enactment of the Tax Cuts and Jobs Act). ``(2) Application to section 902 corporations.--For purposes of sections 951 and 961, a section 902 corporation (as so defined) shall be treated as a controlled foreign corporation solely for purposes of taking into account the subpart F income of such corporation under subsection (a) (and for purposes of applying subsection (e)). ``(3) Exclusion of passive foreign investment companies.-- Such term shall not include any corporation which is a passive foreign investment company (as defined in section 1297) with respect to the shareholder and which is not a controlled foreign corporation. ``(f) Determinations of Pro Rata Share.--For purposes of this section, the determination of any United States shareholder's pro rata share of any amount with respect to any specified foreign corporation shall be determined under rules similar to the rules of section 951(a)(2) by treating such amount in the same manner as subpart F income (and by treating such specified foreign corporation as a controlled foreign corporation). ``(g) Disallowance of Foreign Tax Credit, etc.-- ``(1) In general.--No credit shall be allowed under section 901 for the applicable percentage of any taxes paid or accrued (or treated as paid or accrued) with respect to any amount for which a deduction is allowed under this section. ``(2) Applicable percentage.--For purposes of this subsection, the term `applicable percentage' means the amount (expressed as a percentage) equal to the sum of-- ``(A) 0.786 multiplied by the ratio of-- ``(i) the excess to which subsection (c)(1)(A) applies, divided by ``(ii) the sum of such excess plus the amount to which subsection (c)(1)(B) applies, plus ``(B) 0.586 multiplied by the ratio of-- ``(i) the amount to which subsection (c)(1)(B) applies, divided by ``(ii) the sum described in subparagraph (A)(ii). ``(3) Denial of deduction.--No deduction shall be allowed under this chapter for any tax for which credit is not allowable under section 901 by reason of paragraph (1) (determined by treating the taxpayer as having elected the benefits of subpart A of part III of subchapter N). ``(4) Coordination with section 78.--Section 78 shall not apply to any tax for which credit is not allowable under section 901 by reason of paragraph (1). ``(h) Election to Pay Liability in Installments.-- ``(1) In general.--In the case of a United States shareholder of a deferred foreign income corporation, such United States shareholder may elect to pay the net tax liability under this section in 8 installments of the following amounts: ``(A) 8 percent of the net tax liability in the case of each of the first 5 of such installments, ``(B) 15 percent of the net tax liability in the case of the 6th such installment, ``(C) 20 percent of the net tax liability in the case of the 7th such installment, and ``(D) 25 percent of the net tax liability in the case of the 8th such installment. ``(2) Date for payment of installments.--If an election is made under paragraph (1), the first installment shall be paid on the due date (determined without regard to any extension of time for filing the return) for the return of tax for the taxable year described in subsection (a) and each succeeding installment shall be paid on the due date (as so determined) for the return of tax for the taxable year following the taxable year with respect to which the preceding installment was made. ``(3) Acceleration of payment.--If there is an addition to tax for failure to timely pay any installment required under this subsection, a liquidation or sale of substantially all the assets of the taxpayer (including in a title 11 or similar case), a cessation of business by the taxpayer, or any similar circumstance, then the unpaid portion of all remaining installments shall be due on the date of such event (or in the case of a title 11 or similar case, the day before the petition is filed). The preceding sentence shall not apply to the sale of substantially all the assets of a taxpayer to a buyer if such buyer enters into an agreement with the Secretary under which such buyer is liable for the remaining installments due under this subsection in the same manner as if such buyer were the taxpayer. ``(4) Proration of deficiency to installments.--If an election is made under paragraph (1) to pay the net tax liability under this section in installments and a deficiency [[Page S7795]] has been assessed with respect to such net tax liability, the deficiency shall be prorated to the installments payable under paragraph (1). The part of the deficiency so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as, and as a part of, such installment. The part of the deficiency so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax. ``(5) Election.--Any election under paragraph (1) shall be made not later than the due date for the return of tax for the taxable year described in subsection (a) and shall be made in such manner as the Secretary shall provide. ``(6) Net tax liability under this section.--For purposes of this subsection-- ``(A) In general.--The net tax liability under this section with respect to any United States shareholder is the excess (if any) of-- ``(i) such taxpayer's net income tax for the taxable year in which an amount is included in the gross income of such United States shareholder under section 951(a)(1) by reason of this section, over ``(ii) such taxpayer's net income tax for such taxable year determined-- ``(I) without regard to this section, and ``(II) without regard to any income or deduction properly attributable to a dividend received by such United States shareholder from any deferred foreign income corporation. ``(B) Net income tax.--The term `net income tax' means the regular tax liability reduced by the credits allowed under subparts A, B, and D of part IV of subchapter A. ``(i) Special Rules for S Corporation Shareholders.-- ``(1) In general.--In the case of any S corporation which is a United States shareholder of a deferred foreign income corporation, each shareholder of such S corporation may elect to defer payment of such shareholder's net tax liability under this section with respect to such S corporation until the shareholder's taxable year which includes the triggering event with respect to such liability. Any net tax liability payment of which is deferred under the preceding sentence shall be assessed on the return of tax as an addition to tax in the shareholder's taxable year which includes such triggering event. ``(2) Triggering event.-- ``(A) In general.--In the case of any shareholder's net tax liability under this section with respect to any S corporation, the triggering event with respect to such liability is whichever of the following occurs first: ``(i) Such corporation ceases to be an S corporation (determined as of the first day of the first taxable year that such corporation is not an S corporation). ``(ii) A liquidation or sale of substantially all the assets of such S corporation (including in a title 11 or similar case), a cessation of business by such S corporation, such S corporation ceases to exist, or any similar circumstance. ``(iii) A transfer of any share of stock in such S corporation by the taxpayer (including by reason of death, or otherwise). ``(B) Partial transfers of stock.--In the case of a transfer of less than all of the taxpayer's shares of stock in the S corporation, such transfer shall only be a triggering event with respect to so much of the taxpayer's net tax liability under this section with respect to such S corporation as is properly allocable to such stock. ``(C) Transfer of liability.--A transfer described in clause (iii) of subparagraph (A) shall not be treated as a triggering event if the transferee enters into an agreement with the Secretary under which such transferee is liable for net tax liability with respect to such stock in the same manner as if such transferee were the taxpayer. ``(3) Net tax liability.--A shareholder's net tax liability under this section with respect to any S corporation is the net tax liability under this section which would be determined under subsection (h)(6) if the only subpart F income taken into account by such shareholder by reason of this section were allocations from such S corporation. ``(4) Election to pay deferred liability in installments.-- In the case of a taxpayer which elects to defer payment under paragraph (1)-- ``(A) subsection (h) shall be applied separately with respect to the liability to which such election applies, ``(B) an election under subsection (h) with respect to such liability shall be treated as timely made if made not later than the due date for the return of tax for the taxable year in which the triggering event with respect to such liability occurs, ``(C) the first installment under subsection (h) with respect to such liability shall be paid not later than such due date (but determined without regard to any extension of time for filing the return), and ``(D) if the triggering event with respect to any net tax liability is described in paragraph (2)(A)(ii), an election under subsection (h) with respect to such liability may be made only with the consent of the Secretary. ``(5) Joint and several liability of s corporation.--If any shareholder of an S corporation elects to defer payment under paragraph (1), such S corporation shall be jointly and severally liable for such payment and any penalty, addition to tax, or additional amount attributable thereto. ``(6) Extension of limitation on collection.--Any limitation on the time period for the collection of a liability deferred under this subsection shall not be treated as beginning before the date of the triggering event with respect to such liability. ``(7) Annual reporting of net tax liability.-- ``(A) In general.--Any shareholder of an S corporation which makes an election under paragraph (1) shall report the amount of such shareholder's deferred net tax liability on such shareholder's return of tax for the taxable year for which such election is made and on the return of tax for each taxable year thereafter until such amount has been fully assessed on such returns. ``(B) Deferred net tax liability.--For purposes of this paragraph, the term `deferred net tax liability' means, with respect to any taxable year, the amount of net tax liability payment of which has been deferred under paragraph (1) and which has not been assessed on a return of tax for any prior taxable year. ``(C) Failure to report.--In the case of any failure to report any amount required to be reported under subparagraph (A) with respect to any taxable year before the due date for the return of tax for such taxable year, there shall be assessed on such return as an addition to tax 5 percent of such amount. ``(8) Election.--Any election under paragraph (1)-- ``(A) shall be made by the shareholder of the S corporation not later than the due date for such shareholder's return of tax for the taxable year which includes the close of the taxable year of such S corporation in which the amount described in subsection (a) is taken into account, and ``(B) shall be made in such manner as the Secretary shall provide. ``(j) Reporting by S Corporation.--Each S corporation which is a United States shareholder of a specified foreign corporation shall report in its return of tax under section 6037(a) the amount includible in its gross income for such taxable year by reason of this section and the amount of the deduction allowable by subsection (b). Any copy provided to a shareholder under section 6037(b) shall include a statement of such shareholder's pro rata share of such amounts. ``(k) Extension of Limitation on Assessment.-- Notwithstanding section 6501, the limitation on the time period for the assessment of the net tax liability under this section (as defined in subsection (h)(6)) shall not expire before the date that is 6 years after the return for the taxable year described in such subsection was filed. ``(l) Recapture for Expatriated Entities.-- ``(1) In general.--If a deduction is allowed under subsection (c) to a United States shareholder and such shareholder first becomes an expatriated entity at any time during the 10-year period beginning on the date of the enactment of the Tax Cuts and Jobs Act, then-- ``(A) the tax imposed by this chapter shall be increased for the first taxable year in which such taxpayer becomes an expatriated entity by an amount equal to 35 percent of the amount of the deduction allowed to the specified foreign corporation under subsection (c), and ``(B) no credits shall be allowed against the increase in tax under subparagraph (A). ``(2) Expatriated entity.--For purposes of this subsection, the term `expatriated entity' has the same meaning given such term under section 7874(a)(2), except that such term shall not include an entity if the surrogate foreign corporation with respect to the entity is treated as a domestic corporation under section 7874(b). ``(m) Special Rules for United States Shareholders Which Are Real Estate Investment Trusts.-- ``(1) In general.--If a real estate investment trust is a United States shareholder in 1 or more deferred foreign income corporations-- ``(A) any amount required to be taken into account under section 951(a)(1) by reason of this section shall not be taken into account as gross income of the real estate investment trust for purposes of applying paragraphs (2) and (3) of section 856(c) to any taxable year for which such amount is taken into account under section 951(a)(1), and ``(B) if the real estate investment trust elects the application of this subparagraph, notwithstanding subsection (a), any amount required to be taken into account under section 951(a)(1) by reason of this section shall, in lieu of the taxable year in which it would otherwise be included in gross income ((for purposes of the computation of real estate investment trust taxable income under section 857(b)), be included in gross income as follows: ``(i) 8 percent of such amount in the case of each of the taxable years in the 5-taxable year period beginning with the taxable year in which such amount would otherwise be included. ``(ii) 15 percent of such amount in the case of the 1st taxable year following such period. ``(iii) 20 percent of such amount in the case of the 2nd taxable year following such period. ``(iv) 25 percent of such amount in the case of the 3rd taxable year following such period. ``(2) Rules for trusts electing deferred inclusion.-- [[Page S7796]] ``(A) Election.--Any election under paragraph (1)(B) shall be made not later than the due date for the first taxable year in the 5-taxable year period described in clause (i) of paragraph (1)(B) and shall be made in such manner as the Secretary shall provide. ``(B) Special rules.--If an election under paragraph (1)(B) is in effect with respect to any real estate investment trust, the following rules shall apply: ``(i) Application of participation exemption.--For purposes of subsection (c)(1)-- ``(I) the aggregate amount to which subparagraph (A) or (B) of subsection (c)(1) applies shall be determined without regard to the election, ``(II) each such aggregate amount shall be allocated to each taxable year described in paragraph (1)(B) in the same proportion as the amount included in the gross income of such United States shareholder under section 951(a)(1) by reason of this section is allocated to each such taxable year. ``(III) No installment payments.--The real estate investment trust may not make an election under subsection (g) for any taxable year described in paragraph (1)(B). ``(ii) Acceleration of inclusion.--If there is a liquidation or sale of substantially all the assets of the real estate investment trust (including in a title 11 or similar case), a cessation of business by such trust, or any similar circumstance, then any amount not yet included in gross income under paragraph (1)(B) shall be included in gross income as of the day before the date of the event and the unpaid portion of any tax liability with respect to such inclusion shall be due on the date of such event (or in the case of a title 11 or similar case, the day before the petition is filed). ``(n) Election Not to Apply Net Operating Loss Deduction.-- ``(1) In general.--If a United States shareholder of a deferred foreign income corporation elects the application of this subsection for the taxable year described in subsection (a), then the amount described in paragraph (2) shall not be taken into account-- ``(A) in determining the amount of the net operating loss deduction under section 172 of such shareholder for such taxable year, or ``(B) in determining the amount of taxable income for such taxable year which may be reduced by net operating loss carryovers or carrybacks to such taxable year under section 172. ``(2) Amount described.--The amount described in this paragraph is the sum of-- ``(A) the amount required to be taken into account under section 951(a)(1) by reason of this section (determined after the application of subsection (c)), plus ``(B) in the case of a domestic corporation which chooses to have the benefits of subpart A of part III of subchapter N for the taxable year, the taxes deemed to be paid by such corporation under subsections (a) and (b) of section 960 for such taxable year with respect to the amount described in subparagraph (A) which are treated as a dividends under section 78. ``(3) Election.--Any election under this subsection shall be made not later than the due date (including extensions) for filing the return of tax for the taxable year and shall be made in such manner as the Secretary shall prescribe. ``(o) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section or to prevent the avoidance of the purposes of this section, including through a reduction in earnings and profits through changes in entity classification, changes in accounting methods, or otherwise.''. (b) Clerical Amendment.--The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 965 and inserting the following: ``Sec. 965. Treatment of deferred foreign income upon transition to participation exemption system of taxation.''. Subpart B--Rules Related to Passive and Mobile Income CHAPTER 1--TAXATION OF FOREIGN-DERIVED INTANGIBLE INCOME AND GLOBAL INTANGIBLE LOW-TAXED INCOME SEC. 14201. CURRENT YEAR INCLUSION OF GLOBAL INTANGIBLE LOW- TAXED INCOME BY UNITED STATES SHAREHOLDERS. (a) In General.--Subpart F of part III of subchapter N of chapter 1 is amended by inserting after section 951 the following new section: ``SEC. 951A. GLOBAL INTANGIBLE LOW-TAXED INCOME INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS. ``(a) In General.--Each person who is a United States shareholder of any controlled foreign corporation for any taxable year of such United States shareholder shall include in gross income such shareholder's global intangible low- taxed income for such taxable year. ``(b) Global Intangible Low-taxed Income.--For purposes of this section-- ``(1) In general.--The term `global intangible low-taxed income' means, with respect to any United States shareholder for any taxable year of such United States shareholder, the excess (if any) of-- ``(A) such shareholder's net CFC tested income for such taxable year, over ``(B) such shareholder's net deemed tangible income return for such taxable year. ``(2) Net deemed tangible income return.--The term `net deemed tangible income return' means, with respect to any United States shareholder for any taxable year, an amount equal to 10 percent of the aggregate of such shareholder's pro rata share of the qualified business asset investment of each controlled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year (determined for each taxable year of each such controlled foreign corporation which ends in or with such taxable year of such United States shareholder). ``(c) Net CFC Tested Income.--For purposes of this section-- ``(1) In general.--The term `net CFC tested income' means, with respect to any United States shareholder for any taxable year of such United States shareholder, the excess (if any) of-- ``(A) the aggregate of such shareholder's pro rata share of the tested income of each controlled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year of such United States shareholder (determined for each taxable year of such controlled foreign corporation which ends in or with such taxable year of such United States shareholder), over ``(B) the aggregate of such shareholder's pro rata share of the tested loss of each controlled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year of such United States shareholder (determined for each taxable year of such controlled foreign corporation which ends in or with such taxable year of such United States shareholder). ``(2) Tested income; tested loss.--For purposes of this section-- ``(A) Tested income.--The term `tested income' means, with respect to any controlled foreign corporation for any taxable year of such controlled foreign corporation, the excess (if any) of-- ``(i) the gross income of such corporation determined without regard to-- ``(I) any item of income described in section 952(b), ``(II) any gross income taken into account in determining the subpart F income of such corporation, ``(III) any gross income excluded from the foreign base company income (as defined in section 954) and the insurance income (as defined in section 953) of such corporation by reason of section 954(b)(4), ``(IV) any dividend received from a related person (as defined in section 954(d)(3)), and ``(V) any foreign oil and gas extraction income (as defined in section 907(c)(1)) of such corporation, over ``(ii) the deductions (including taxes) properly allocable to such gross income under rules similar to the rules of section 954(b)(5). ``(B) Tested loss.-- ``(i) In general.--The term `tested loss' means, with respect to any controlled foreign corporation for any taxable year of such controlled foreign corporation, the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i). ``(ii) Coordination with subpart f to deny double benefit of losses.--Section 952(c)(1)(A) shall be applied by increasing the earnings and profits of the controlled foreign corporation by the tested loss of such corporation. ``(d) Qualified Business Asset Investment.--For purposes of this section-- ``(1) In general.--The term `qualified business asset investment' means, with respect to any corporation for any taxable year of such controlled foreign corporation, the average of the aggregate of the corporation's adjusted bases as of the close of each quarter of such taxable year in specified tangible property -- ``(A) used in a trade or business of the corporation, and ``(B) of a type with respect to which a deduction is allowable under section 167. ``(2) Specified tangible property.-- ``(A) In general.--The term `specified tangible property' means, except as provided in subparagraph (B), any tangible property used in the production of tested income. ``(B) Dual use property.--In the case of property used both in the production of tested income and income which is not tested income, such property shall be treated as specified tangible property in the same proportion that the gross income described in subsection (c)(1)(A) ***produced*** with respect to such property bears to the total gross income ***produced*** with respect to such property. ``(3) Determination of adjusted basis.--For purposes of this subsection, notwithstanding any provision of this title (or any other provision of law) which is enacted after the date of the enactment of this section, the adjusted basis in any property shall be determined using the alternative depreciation system under section 168(g). ``(4) Regulations.--The Secretary shall issue such regulations or other guidance as the Secretary determines appropriate to prevent the avoidance of the purposes of this subsection, including regulations or other guidance which provide for the treatment of property if-- ``(A) such property is transferred, or held, temporarily, or ``(B) the avoidance of the purposes of this paragraph is a factor in the transfer or holding of such property. ``(e) Determination of Pro Rata Share, etc.--For purposes of this section-- [[Page S7797]] ``(1) In general.--The pro rata shares referred to in subsections (b), (c)(1)(A), and (c)(1)(B), respectively, shall be determined under the rules of section 951(a)(2) in the same manner as such section applies to subpart F income and shall be taken into account in the taxable year of the United States shareholder in which or with which the taxable year of the controlled foreign corporation ends. ``(2) Treatment as united states shareholder.--For purposes of paragraph (1), a person shall be treated as a United States shareholder of a controlled foreign corporation for any taxable year only if such person owns (within the meaning of section 958(a)) stock in such foreign corporation on the last day, in such year, on which such foreign corporation is a controlled foreign corporation. ``(3) Treatment as controlled foreign corporation.--A foreign corporation shall be treated as a controlled foreign corporation for any taxable year if such foreign corporation is a controlled foreign corporation at any time during such taxable year. ``(f) Treatment as Subpart F Income for Certain Purposes.-- ``(1) In general.-- ``(A) Application.--Except as provided in subparagraph (B), any global intangible low-taxed income included in gross income under subsection (a) shall be treated in the same manner as an amount included under section 951(a)(1)(A) for purposes of applying sections 168(h)(2)(B), 535(b)(10), 851(b), 904(h)(1), 959, 961, 962(c), 962(d), 993(a)(1)(E), 996(f)(1), 1248(b)(1), 1248(d)(1), 6501(e)(1)(C), 6654(d)(2)(D), and 6655(e)(4). ``(B) Exception.--The Secretary shall provide rules for the application of subparagraph (A) to other provisions of this title in any case in which the determination of subpart F income is required to be made at the level of the controlled foreign corporation. ``(2) Allocation of global intangible low-taxed income to controlled foreign corporations.--For purposes of the sections referred to in paragraph (1), with respect to any controlled foreign corporation any pro rata amount from which is taken into account in determining the global intangible low-taxed income included in gross income of a United States shareholder under subsection (a), the portion of such global intangible low-taxed income which is treated as being with respect to such controlled foreign corporation is-- ``(A) in the case of a controlled foreign corporation with no tested income, zero, and ``(B) in the case of a controlled foreign corporation with tested income, the portion of such global intangible low- taxed income which bears the same ratio to such global intangible low-taxed income as-- ``(i) such United States shareholder's pro rata amount of the tested income of such controlled foreign corporation, bears to ``(ii) the aggregate amount described in subsection (c)(1)(A) with respect to such United States shareholder.''. (b) Foreign Tax Credit.-- (1) Application of deemed paid foreign tax credit.--Section 960 is amended adding at the end the following new subsection: ``(d) Deemed Paid Credit for Taxes Properly Attributable to Tested Income.-- ``(1) In general.--For purposes of this subpart, if any amount is includible in the gross income of a domestic corporation under section 951A, such domestic corporation shall be deemed to have paid foreign income taxes equal to 80 percent of the product of-- ``(A) such domestic corporation's inclusion percentage, multiplied by ``(B) the aggregate tested foreign income taxes paid or accrued by controlled foreign corporations. ``(2) Inclusion percentage.--For purposes of paragraph (1), the term `inclusion percentage' means, with respect to any domestic corporation, the ratio (expressed as a percentage) of-- ``(A) such corporation's global intangible low-taxed income (as defined in section 951A(b)), divided by ``(B) the aggregate amount described in section 951A(c)(1)(A) with respect to such corporation. ``(3) Tested foreign income taxes.--For purposes of paragraph (1), the term `tested foreign income taxes' means, with respect to any domestic corporation which is a United States shareholder of a controlled foreign corporation, the foreign income taxes paid or accrued by such foreign corporation which are properly attributable to the tested income of such foreign corporation taken into account by such domestic corporation under section 951A.''. (2) Application of foreign tax credit limitation.-- (A) Separate basket for global intangible low-taxed income.--Section 904(d)(1) is amended by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph: ``(A) any amount includible in gross income under section 951A (other than passive category income),''. (B) Exclusion from general category income.--Section 904(d)(2)(A)(ii) is amended by inserting ``income described in paragraph (1)(A) and'' before ``passive category income''. (C) No carryover or carryback of excess taxes.--Section 904(c) is amended by adding at the end the following: ``This subsection shall not apply to taxes paid or accrued with respect to amounts described in subsection (d)(1)(A).''. (c) Clerical Amendment .--The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by inserting after the item relating to section 951 the following new item: ``Sec. 951A. Global intangible low-taxed income included in gross income of United States shareholders.''. (d) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14202. DEDUCTION FOR FOREIGN-DERIVED INTANGIBLE INCOME AND GLOBAL INTANGIBLE LOW-TAXED INCOME. (a) In General.--Part VIII of subchapter B of chapter 1 is amended by adding at the end the following new section: ``SEC. 250. FOREIGN-DERIVED INTANGIBLE INCOME AND GLOBAL INTANGIBLE LOW-TAXED INCOME. ``(a) Allowance of Deduction.-- ``(1) In general.--In the case of a domestic corporation for any taxable year, there shall be allowed as a deduction an amount equal to the sum of-- ``(A) 37.5 percent of the foreign-derived intangible income of such domestic corporation for such taxable year, plus ``(B) 50 percent of the global intangible low-taxed income amount (if any) which is included in the gross income of such domestic corporation under section 951A for such taxable year. ``(2) Limitation based on taxable income.-- ``(A) In general.--If, for any taxable year-- ``(i) the sum of the foreign-derived intangible income and the global intangible low-taxed income amount otherwise taken into account by the domestic corporation under paragraph (1), exceeds ``(ii) the taxable income of the domestic corporation (determined without regard to this section), then the amount of the foreign-derived intangible income and the global intangible low-taxed income amount so taken into account shall be reduced as provided in subparagraph (B). ``(B) Reduction.--For purposes of subparagraph (A)-- ``(i) foreign-derived intangible income shall be reduced by an amount which bears the same ratio to the excess described in subparagraph (A) as such foreign-derived intangible income bears to the sum described in subparagraph (A)(i), and ``(ii) the global intangible low-taxed income amount shall be reduced by the remainder of such excess. ``(3) Reduction in deduction for taxable years after 2025.--In the case of any taxable year beginning after December 31, 2025, paragraph (1) shall be applied by substituting-- ``(A) `21.875 percent' for `37.5 percent' in subparagraph (A), and ``(B) `37.5 percent' for `50 percent' in subparagraph (B). ``(b) Foreign-derived Intangible Income.--For purposes of this section-- ``(1) In general.--The foreign-derived intangible income of any domestic corporation is the amount which bears the same ratio to the deemed intangible income of such corporation as-- ``(A) the foreign-derived deduction eligible income of such corporation, bears to ``(B) the deduction eligible income of such corporation. ``(2) Deemed intangible income.--For purposes of this subsection-- ``(A) In general.--The term `deemed intangible income' means the excess (if any) of-- ``(i) the deduction eligible income of the domestic corporation, over ``(ii) the deemed tangible income return of the corporation. ``(B) Deemed tangible income return.--The term `deemed tangible income return' means, with respect to any corporation, an amount equal to 10 percent of the corporation's qualified business asset investment (as defined in section 951A(d), determined by substituting `deduction eligible income' for `tested income' in paragraph (2) thereof). ``(3) Deduction eligible income.-- ``(A) In general.--The term `deduction eligible income' means, with respect to any domestic corporation, the excess (if any) of-- ``(i) gross income of such corporation determined without regard to-- ``(I) the subpart F income of such corporation determined under section 951, ``(II) the global intangible low-taxed income determined under section 951A, ``(III) any financial services income (as defined in section 904(d)(2)(D)) of such corporation which is not described in clause (ii), ``(IV) any dividend received from a corporation which is a controlled foreign corporation of such domestic corporation, ``(V) any domestic oil and gas extraction income of such corporation, and ``(VI) any foreign branch income (as defined in section 904(d)(2)(J)), over ``(ii) the deductions (including taxes) properly allocable to such gross income under rules similar to the rules of section 954(b)(5). ``(B) Domestic oil and gas extraction income.--For purposes of subparagraph (A), the term `domestic oil and gas extraction income' means income described in section 907(c)(1), determined by substituting `within [[Page S7798]] the United States' for `without the United States'. ``(4) Foreign-derived deduction eligible income.--The term `foreign-derived deduction eligible income' means, with respect to any taxpayer for any taxable year, any deduction eligible income of such taxpayer which is derived in connection with-- ``(A) property-- ``(i) which is sold by the taxpayer to any person who is not a United States person, and ``(ii) which the taxpayer establishes to the satisfaction of the Secretary is for a foreign use, or ``(B) services provided by the taxpayer which the taxpayer establishes to the satisfaction of the Secretary are provided to any person, or with respect to property, not located within the United States. ``(5) Rules relating to foreign use property or services.-- For purposes of this subsection-- ``(A) Foreign use.--The term `foreign use' means any use, consumption, or disposition which is not within the United States. ``(B) Property or services provided to domestic intermediaries.-- ``(i) Property.--If a taxpayer sells property to another person (other than a related party) for further manufacture or other modification within the United States, such property shall not be treated as sold for a foreign use even if such other person subsequently uses such property for a foreign use. ``(ii) Services.--If a taxpayer provides services to another person (other than a related party) located within the United States, such services shall not be treated as described in paragraph (4)(B) even if such other person uses such services in providing services which are so described. ``(C) Special rules with respect to related party transactions.-- ``(i) Sales to related parties.--If property is sold to a related party who is not a United States person, such sale shall not be treated as for a foreign use unless-- ``(I) such property is ultimately sold by a related party, or used by a related party in connection with property which is sold or the provision of services, to another person who is an unrelated party who is not a United States person, and ``(II) the taxpayer establishes to the satisfaction of the Secretary that such property is for a foreign use. For purposes of this clause, a sale of property shall be treated as a sale of each of the components thereof. ``(ii) Service provided to related parties.--If a service is provided to a related party who is not located in the United States, such service shall not be treated described in subparagraph (A)(ii) unless the taxpayer established to the satisfaction of the Secretary that such service is not substantially similar to services provided by such related party to persons located within the United States. ``(D) Related party.--For purposes of this paragraph, the term `related party' means any member of an affiliated group as defined in section 1504(a), determined-- ``(i) by substituting `more than 50 percent' for `at least 80 percent' each place it appears, and ``(ii) without regard to paragraphs (2) and (3) of section 1504(b). Any person (other than a corporation) shall be treated as a member of such group if such person is controlled by members of such group (including any entity treated as a member of such group by reason of this sentence) or controls any such member. For purposes of the preceding sentence, control shall be determined under the rules of section 954(d)(3). ``(E) Sold.--For purposes of this subsection, the terms `sold', `sells', and `sale' shall include any lease, license, exchange, or other disposition. ``(c) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section.''. (b) Conforming Amendments.-- (1) Section 172(d), as amended by section 13011, is amended by adding at the end the following new paragraph: ``(10) Deduction for foreign-derived intangible income.-- The deduction under section 250 shall not be allowed.''. (2) Section 246(b)(1) is amended-- (A) by striking ``and subsection (a) and (b) of section 245'' the first place it appears and inserting ``, subsection (a) and (b) of section 245, and section 250'', (B) by striking ``and subsection (a) and (b) of section 245'' the second place it appears and inserting ``subsection (a) and (b) of section 245, and 250''. (3) Section 469(i)(3)(F)(iii) is amended by striking ``and 222'' and inserting ``222, and 250''. (4) The table of sections for part VIII of subchapter B of chapter 1 is amended by adding at the end the following new item: ``Sec. 250. Foreign-derived intangible income and global intangible low-taxed income.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14203. SPECIAL RULES FOR TRANSFERS OF INTANGIBLE PROPERTY FROM CONTROLLED FOREIGN CORPORATIONS TO UNITED STATES SHAREHOLDERS. (a) In General.--Subpart F of part III of subchapter N of chapter 1 is amended by adding at the end the following new section: ``SEC. 966. TRANSFERS OF INTANGIBLE PROPERTY TO UNITED STATES SHAREHOLDERS. ``(a) In General.--In the case of any distribution of intangible property which is held by a controlled foreign corporation on the date of enactment of this section and which is described in subsection (b)-- ``(1) for purposes of part I of subchapter C and any other provision of this title specified by the Secretary, the fair market value of such property on the date of such distribution shall be treated as not exceeding the adjusted basis of such property immediately before such distribution, and ``(2) if the distribution is to a United States shareholder and is not a dividend-- ``(A) the United States shareholder's adjusted basis in the stock of the controlled foreign corporation with respect to which such distribution is made shall be increased by the amount (if any) of such distribution which would (but for this subsection) be includible in gross income, and ``(B) the adjusted basis of such property in the hands of such United States shareholder immediately after such distribution shall be such adjusted basis immediately before such distribution reduced by the amount of the increase described in subparagraph (A). ``(b) Distribution.--A distribution is described in this section if the distribution is-- ``(1) received by a domestic corporation from a controlled foreign corporation with respect to which such corporation is a United States shareholder, and ``(2) made by the controlled foreign corporation before the last day of the third taxable year of the controlled foreign corporation beginning after December 31, 2017. ``(c) Intangible Property.--For purposes of this subsection, the term `intangible property' has the meaning given such term by section 936(h)(3)(B) or which is computer software described in section 197(e)(3)(B).''. (b) Conforming Amendments.-- (1) Section 197(f)(2)(B)(i) is amended by inserting ``966(a),'' after ``731,''. (2) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by adding at the end the following new item: ``Sec. 966. Transfers of intangible property to United States shareholders.''. (c) Effective Date.--The amendments made by this section shall apply to distributions made in taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. CHAPTER 2--OTHER MODIFICATIONS OF SUBPART F PROVISIONS SEC. 14211. ELIMINATION OF INCLUSION OF FOREIGN BASE COMPANY OIL RELATED INCOME. (a) Repeal.--Subsection (a) of section 954 is amended-- (1) by inserting ``and'' at the end of paragraph (2), (2) by striking the comma at the end of paragraph (3) and inserting a period, and (3) by striking paragraph (5). (b) Conforming Amendments.-- (1) Section 952(c)(1)(B)(iii) is amended by striking subclause (I) and redesignating subclauses (II) through (V) as subclauses (I) through (IV), respectively. (2) Section 954(b) is amended-- (A) by striking the second sentence of paragraph (4), (B) by striking ``the foreign base company services income, and the foreign base company oil related income'' in paragraph (5) and inserting ``and the foreign base company services income'', and (C) by striking paragraph (6). (3) Section 954 is amended by striking subsection (g). (c) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end. SEC. 14212. INFLATION ADJUSTMENT OF DE MINIMIS EXCEPTION FOR FOREIGN BASE COMPANY INCOME. (a) In General.--Section 954(b)(3) is amended by adding at the end the following new subparagraph: ``(D) Inflation adjustment.--In the case of any taxable year beginning after 2017, the dollar amount in subparagraph (A)(ii) shall be increased by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50,000.''. (b) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14213. REPEAL OF INCLUSION BASED ON WITHDRAWAL OF PREVIOUSLY EXCLUDED SUBPART F INCOME FROM QUALIFIED INVESTMENT. (a) In General.--Subpart F of part III of subchapter N of chapter 1 is amended by striking section 955. (b) Conforming Amendments.-- (1)(A) Section 951(a)(1)(A) is amended to read as follows: ``(A) his pro rata share (determined under paragraph (2)) of the corporation's subpart F income for such year, and''. [[Page S7799]] (B) Section 851(b) is amended by striking ``section 951(a)(1)(A)(i)'' in the flush language at the end and inserting ``section 951(a)(1)(A)''. (C) Section 952(c)(1)(B)(i) is amended by striking ``section 951(a)(1)(A)(i)'' and inserting ``section 951(a)(1)(A)''. (D) Section 953(c)(1)(C) is amended by striking ``section 951(a)(1)(A)(i)'' and inserting ``section 951(a)(1)(A)''. (2) Section 951(a) is amended by striking paragraph (3). (3) Section 953(d)(4)(B)(iv)(II) is amended by striking ``or amounts referred to in clause (ii) or (iii) of section 951(a)(1)(A)''. (4) Section 964(b) is amended by striking ``, 955,''. (5) Section 970 is amended by striking subsection (b). (6) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 955. (c) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14214. MODIFICATION OF STOCK ATTRIBUTION RULES FOR DETERMINING STATUS AS A CONTROLLED FOREIGN CORPORATION. (a) In General.--Section 958(b) is amended-- (1) by striking paragraph (4), and (2) by striking ``Paragraphs (1) and (4)'' in the last sentence and inserting ``Paragraph (1)''. (b) Effective Date.--The amendments made by this section shall apply to-- (1) the last taxable year of foreign corporations beginning before January 1, 2018, and each subsequent taxable year of such foreign corporations, and (2) taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14215. MODIFICATION OF DEFINITION OF UNITED STATES SHAREHOLDER. (a) In General.--Section 951(b) is amended by inserting ``, or 10 percent or more of the total value of shares of all classes of stock of such foreign corporation'' after ``such foreign corporation''. (b) Effective Date.--The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end. SEC. 14216. ELIMINATION OF REQUIREMENT THAT CORPORATION MUST BE CONTROLLED FOR 30 DAYS BEFORE SUBPART F INCLUSIONS APPLY. (a) In General.--Section 951(a)(1) is amended by striking ``for an uninterrupted period of 30 days or more'' and inserting ``at any time''. (b) Effective Date.--The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end. SEC. 14217. LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS MADE PERMANENT. (a) In General.--Paragraph (6) of section 954(c) is amended by striking subparagraph (C). (b) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14218. CORPORATIONS ELIGIBLE FOR DEDUCTION FOR DIVIDENDS FROM CONTROLLED FOREIGN CORPORATIONS EXEMPT FROM SUBPART F INCLUSION FOR INVESTMENT IN UNITED STATES PROPERTY. (a) In General.--Section 956(a) is amended by inserting ``(other than a corporation)'' after ``United States shareholder'' in the matter preceding paragraph (1). (b) Effective Date.--The amendment made by this section shall apply to taxable years of controlled foreign corporations ending after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end. CHAPTER 3--PREVENTION OF BASE EROSION SEC. 14221. DENIAL OF DEDUCTION FOR INTEREST EXPENSE OF UNITED STATES SHAREHOLDERS WHICH ARE MEMBERS OF WORLDWIDE AFFILIATED GROUPS WITH EXCESS DOMESTIC INDEBTEDNESS. (a) In General.--Section 163 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection: ``(n) Disallowance of Deduction for Interest Expense of United States Shareholders Which Are Members of Worldwide Affiliated Groups With Excess Domestic Indebtedness.-- ``(1) In general.--In the case of any domestic corporation which is a member of a worldwide affiliated group, the deduction allowed under this chapter for interest paid or accrued by such domestic corporation during the taxable year shall be reduced by the product of-- ``(A) the net interest expense of such domestic corporation, multiplied by ``(B) the debt-to-equity differential percentage of such worldwide affiliated group. ``(2) Carryforward.--Any amount disallowed under paragraph (1) for any taxable year shall be treated as interest paid or accrued in the succeeding taxable year. ``(3) Debt-to-equity differential percentage.-- ``(A) In general.--For purposes of this subsection, the term `debt-to-equity differential percentage' means, with respect to any worldwide affiliated group, the percentage which the excess domestic indebtedness of such group bears to the total indebtedness of the domestic corporations which are members of such group. ``(B) Excess domestic indebtedness.--For purposes of subparagraph (A), the term `excess domestic indebtedness' means, with respect to any worldwide affiliated group, the excess (if any) of-- ``(i) the total indebtedness of the domestic corporations which are members of such group, over ``(ii) 110 percent of the amount which the total indebtedness of such domestic corporations would be if the ratio of such indebtedness to the total equity of such domestic corporations equaled the ratio which-- ``(I) the total indebtedness of such group, bears to ``(II) the total equity of such group. ``(C) Total equity.--For purposes of subparagraph (B), the term `total equity' means, with respect to one or more corporations, an amount equal to-- ``(i) the sum of the money and all other assets of such corporations, reduced (but not below one) by ``(ii) the total indebtedness of such corporations. ``(D) Special rules for determining debt and equity.-- ``(i) In general.--For purposes of this paragraph-- ``(I) the amount taken into account with respect to any asset shall be the adjusted basis thereof for purposes of determining gain, ``(II) the amount taken into account with respect to any indebtedness with original issue discount shall be its issue price plus the portion of the original issue discount previously accrued as determined under the rules of section 1272 (determined without regard to subsection (a)(7) or (b)(4) thereof), and ``(III) there shall be such other adjustments as the Secretary shall by regulations prescribe. ``(ii) Intragroup debt and equity interests disregarded.-- For purposes of this paragraph, the total indebtedness, and the assets, of any group of corporations shall be determined by treating all members of such group as one corporation. ``(iii) Determination of assets of domestic group.--For purposes of this paragraph, the assets of the domestic corporations which are members of any worldwide affiliated group shall be determined by disregarding any interest held by any such domestic corporation in any foreign corporation which is a member of such group. ``(E) Phase in of percentage used in determining excess indebtedness.--In the case of any taxable year beginning in a calendar year before 2022, the following percentages shall be substituted for `110 percent' in applying subparagraph (B)(ii): ``In the case of a taxable year beginning in: The percentage is: 2018...................................... 130 2019...................................... 125 2020...................................... 120 2021...................................... 115 ``(4) Other definitions.--For purposes of this subsection-- ``(A) Worldwide affiliated group.--The term `worldwide affiliated group' means a group consisting of the includible members of an affiliated group, as defined in section 1504(a), determined-- ``(i) by substituting `more than 50 percent' for `at least 80 percent' each place it appears in such section, and ``(ii) without regard to paragraphs (2), (3), and (4) of section 1504(b). ``(B) Net interest expense.--The term `net interest expense' means the excess (if any) of ``(i) the interest paid or accrued by the taxpayer during the taxable year, over ``(ii) the amount of interest includible in the gross income of such taxpayer for such taxable year. The Secretary shall by regulations provide for adjustments in determining the amount of net interest expense if necessary. ``(5) Treatment of affiliated group.--For purposes of this subsection, all members of the same affiliated group (within the meaning of section 1504(a) applied by substituting `more than 50 percent' for `at least 80 percent' each place it appears) shall be treated as one taxpayer. ``(6) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be appropriate to carry out the purposes of this subsection, including regulations or other guidance-- ``(A) to prevent the avoidance of the purposes of this subsection, ``(B) providing such adjustments in the case of corporations which are members of an affiliated group as may be appropriate to carry out the purposes of this subsection, ``(C) providing for the coordination of this subsection with section 884, [[Page S7800]] ``(D) providing for the reallocation of shares of partnership indebtedness, or distributive shares of the partnership's interest income or interest expense, and ``(E) providing for the coordination with the limitation under subsection (j).''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14222. LIMITATIONS ON INCOME SHIFTING THROUGH INTANGIBLE PROPERTY TRANSFERS. (a) Definition of Intangible Asset.--Section 936(h)(3)(B) is amended-- (1) by striking ``or'' at the end of clause (v), (2) by striking clause (vi) and inserting the following: ``(vi) any goodwill, going concern value, or workforce in place (including its composition and terms and conditions (contractual or otherwise) of its employment); or ``(vii) any other item the value or potential value of which is not attributable to tangible property or the services of any individual.'', and (3) by striking the flush language after clause (vii), as added by paragraph (2). (b) Clarification of Allowable Valuation Methods.-- (1) Foreign corporations.--Section 367(d)(2) is amended by adding at the end the following new subparagraph: ``(D) Regulatory authority.--For purposes of the last sentence of subparagraph (A), the Secretary shall require-- ``(i) the valuation of transfers of intangible property, including intangible property transferred with other property or services, on an aggregate basis, or ``(ii) the valuation of such a transfer on the basis of the realistic alternatives to such a transfer, if the Secretary determines that such basis is the most reliable means of valuation of such transfers.''. (2) Allocation among taxpayers.--Section 482 is amended by adding at the end the following: ``For purposes of this section, the Secretary shall require the valuation of transfers of intangible property (including intangible property transferred with other property or services) on an aggregate basis or the valuation of such a transfer on the basis of the realistic alternatives to such a transfer, if the Secretary determines that such basis is the most reliable means of valuation of such transfers.''. (c) Effective Date.-- (1) In general.--The amendments made by this section shall apply to transfers in taxable years beginning after December 31, 2017. (2) No inference.--Nothing in the amendment made by subsection (a) shall be construed to create any inference with respect to the application of section 936(h)(3) of the Internal Revenue Code of 1986, or the authority of the Secretary of the Treasury to provide regulations for such application, with respect to taxable years beginning before January 1, 2018. SEC. 14223. CERTAIN RELATED PARTY AMOUNTS PAID OR ACCRUED IN HYBRID TRANSACTIONS OR WITH HYBRID ENTITIES. (a) In General.--Part IX of subchapter B of chapter 1 is amended by inserting after section 267 the following: ``SEC. 267A. CERTAIN RELATED PARTY AMOUNTS PAID OR ACCRUED IN HYBRID TRANSACTIONS OR WITH HYBRID ENTITIES. ``(a) In General.--No deduction shall be allowed under this chapter for any disqualified related party amount paid or accrued pursuant to a hybrid transaction or by, or to, a hybrid entity. ``(b) Disqualified Related Party Amount.--For purposes of this section-- ``(1) Disqualified related party amount.--The term `disqualified related party amount' means any interest or royalty paid or accrued to a related party to the extent that-- ``(A) such amount is not included in the income of such related party under the tax law of the country of which such related party is a resident for tax purposes or is subject to tax, or ``(B) such related party is allowed a deduction with respect to such amount under the tax law of such country. Such term shall not include any payment to the extent such payment is included in the gross income of a United States shareholder under section 951(a). ``(2) Related party.--The term `related party' means a related person as defined in section 954(d)(3), except that such section shall be applied with respect to the person making the payment described in paragraph (1) in lieu of the controlled foreign corporation otherwise referred to in such section. ``(c) Hybrid Transaction.--For purposes of this section, the term `hybrid transaction' means any transaction, series of transactions, agreement, or instrument one or more payments with respect to which are treated as interest or royalties for purposes of this chapter and which are not so treated for purposes the tax law of the foreign country of which the recipient of such payment is resident for tax purposes or is subject to tax. ``(d) Hybrid Entity.--For purposes of this section, the term `hybrid entity' means any entity which is either-- ``(1) treated as fiscally transparent for purposes of this chapter but not so treated for purposes of the tax law of the foreign country of which the entity is resident for tax purposes or is subject to tax, or ``(2) treated as fiscally transparent for purposes of such tax law but not so treated for purposes of this chapter. ``(e) Regulations.--The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section, including regulations or other guidance providing for-- ``(1) rules for treating certain conduit arrangements which involve a hybrid transaction or a hybrid entity as subject to subsection (a), ``(2) rules for the application of this section to foreign branches, ``(3) rules for treating certain structured transactions as subject to subsection (a), ``(4) rules for treating a tax preference as an exclusion from income for purposes of applying subsection (b)(1) if such tax preference has the effect of reducing the generally applicable statutory rate by 25 percent or more, ``(5) rules for treating the entire amount of interest or royalty paid or accrued to a related party as a disqualified related party amount if such amount is subject to a participation exemption system or other system which provides for the exclusion or deduction of a substantial portion of such amount, ``(6) rules for determining the tax residence of a foreign entity if the entity is otherwise considered a resident of more than one country or of no country, ``(7) exceptions from subsection (a) with respect to-- ``(A) cases in which the disqualified related party amount is taxed under the laws of a foreign country other than the country of which the related party is a resident for tax purposes, and ``(B) other cases which the Secretary determines do not present a risk of eroding the Federal tax base, ``(8) requirements for record keeping and information reporting in addition to any requirements imposed by section 6038A.''. (b) Conforming Amendment.--The table of sections for part IX of subchapter B of chapter 1 is amended by inserting after the item relating to section 267 the following new item: ``Sec. 267A. Certain related party amounts paid or accrued in hybrid transactions or with hybrid entities.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14224. SHAREHOLDERS OF SURROGATE FOREIGN CORPORATIONS NOT ELIGIBLE FOR REDUCED RATE ON DIVIDENDS. (a) In General.--Section 1(h)(11)(C)(iii) is amended-- (1) by striking ``shall not include any foreign corporation'' and inserting ``shall not include-- ``(I) any foreign corporation'', (2) by striking the period at the end and inserting ``, and'', and (3) by adding at the end the following new subclause: ``(II) any corporation which is a surrogate foreign corporation (as defined in section 7874(a)(2)(B)) other than a foreign corporation which is treated as a domestic corporation under section 7874(b).''. (b) Effective Date.--The amendments made by this section shall apply to dividends paid in taxable years beginning after December 31, 2017. Subpart C--Modifications Related to Foreign Tax Credit System SEC. 14301. REPEAL OF SECTION 902 INDIRECT FOREIGN TAX CREDITS; DETERMINATION OF SECTION 960 CREDIT ON CURRENT YEAR BASIS. (a) Repeal of Section 902 Indirect Foreign Tax Credits.-- Subpart A of part III of subchapter N of chapter 1 is amended by striking section 902. (b) Determination of Section 960 Credit on Current Year Basis.--Section 960, as amended by section 14201, is amended-- (1) by striking subsection (c), by redesignating subsection (b) as subsection (c), by striking all that precedes subsection (c) (as so redesignated) and inserting the following: ``SEC. 960. DEEMED PAID CREDIT FOR SUBPART F INCLUSIONS. ``(a) In General.--For purposes of this subpart, if there is included in the gross income of a domestic corporation any item of income under section 951(a)(1) with respect to any controlled foreign corporation with respect to which such domestic corporation is a United States shareholder, such domestic corporation shall be deemed to have paid so much of such foreign corporation's foreign income taxes as are properly attributable to such item of income. ``(b) Special Rules for Distributions From Previously Taxed Earnings and Profits.--For purposes of this subpart-- ``(1) In general.--If any portion of a distribution from a controlled foreign corporation to a domestic corporation which is a United States shareholder with respect to such controlled foreign corporation is excluded from gross income under section 959(a), such domestic corporation shall be deemed to have paid so much of such foreign corporation's foreign income taxes as-- ``(A) are properly attributable to such portion, and ``(B) have not been deemed to have to been paid by such domestic corporation under this section for the taxable year or any prior taxable year. ``(2) Tiered controlled foreign corporations.--If section 959(b) applies to any portion of a distribution from a controlled foreign corporation to another controlled foreign corporation, such controlled foreign [[Page S7801]] corporation shall be deemed to have paid so much of such other controlled foreign corporation's foreign income taxes as-- ``(A) are properly attributable to such portion, and ``(B) have not been deemed to have been paid by a domestic corporation under this section for any prior taxable year.'', (2) and by adding after subsection (d) (as added by section 14201) the following new subsections: ``(e) Foreign Income Taxes.--The term `foreign income taxes' means any income, war profits, or excess profits taxes paid or accrued to any foreign country or possession of the United States. ``(f) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section.''. (c) Conforming Amendments.-- (1) Section 78 is amended to read as follows: ``SEC. 78. GROSS UP FOR DEEMED PAID FOREIGN TAX CREDIT. ``If a domestic corporation chooses to have the benefits of subpart A of part III of subchapter N (relating to foreign tax credit) for any taxable year-- ``(1) an amount equal to the taxes deemed to be paid by such corporation under subsections (a) and (b) of section 960 for such taxable year shall be treated for purposes of this title (other than section 960) as an item of income required to be included in the gross income of such domestic corporation under section 951(a), and ``(2) an amount equal to the aggregate tested foreign income taxes deemed paid by such corporation under section 960(d) (determined without regard to the phrase `80 percent of' in paragraph (1) thereof) shall be treated for purposes of this title (other than section 960) as an addition to the global intangible low-taxed income of such domestic corporation under section 951A(a) for such taxable year.''. (2) Paragraph (4) of section 245(a) is amended to read as follows: ``(4) Post-1986 undistributed earnings.--The term `post- 1986 undistributed earnings' means the amount of the earnings and profits of the foreign corporation (computed in accordance with sections 964(a) and 986) accumulated in taxable years beginning after December 31, 1986-- ``(A) as of the close of the taxable year of the foreign corporation in which the dividend is distributed, and ``(B) without diminution by reason of dividends distributed during such taxable year.''. (3) Section 245(a)(10)(C) is amended by striking ``902, 907, and 960'' and inserting ``907 and 960''. (4) Sections 535(b)(1) and 545(b)(1) are each amended by striking ``section 902(a) or 960(a)(1)'' and inserting ``section 960''. (5) Section 814(f)(1) is amended-- (A) by striking subparagraph (B), and (B) by striking all that precedes ``No income'' and inserting the following: ``(1) Treatment of foreign taxes.--''. (6) Section 865(h)(1)(B) is amended by striking ``902, 907,'' and inserting ``907''. (7) Section 901(a) is amended by striking ``sections 902 and 960'' and inserting ``section 960''. (8) Section 901(e)(2) is amended by striking ``but is not limited to--'' and all that follows through ``that portion'' and inserting ``but is not limited to that portion''. (9) Section 901(f) is amended by striking ``sections 902 and 960'' and inserting ``section 960''. (10) Section 901(j)(1)(A) is amended by striking ``902 or''. (11) Section 901(j)(1)(B) is amended by striking ``sections 902 and 960'' and inserting ``section 960''. (12) Section 901(k)(2) is amended by striking ``, 902,''. (13) Section 901(k)(6) is amended by striking ``902 or''. (14) Section 901(m)(1) is amended by striking ``relevant foreign assets--'' and all that follows and inserting ``relevant foreign assets shall not be taken into account in determining the credit allowed under subsection (a).''. (15) Section 904(d)(6)(A) is amended by striking ``902, 907,'' and inserting ``907''. (16) Section 904(h)(10)(A) is amended by striking ``sections 902, 907, and 960'' and inserting ``sections 907 and 960''. (17) Section 904(k) is amended to read as follows: ``(k) Cross References.--For increase of limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a prior taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(c).''. (18) Section 905(c)(1) is amended by striking the last sentence. (19) Section 905(c)(2)(B)(i) is amended to read as follows: ``(i) shall be taken into account for the taxable year to which such taxes relate, and''. (20) Section 906(a) is amended by striking ``(or deemed, under section 902, paid or accrued during the taxable year)''. (21) Section 906(b) is amended by striking paragraphs (4) and (5). (22) Section 907(b)(2)(B) is amended by striking ``902 or''. (23) Section 907(c)(3) is amended-- (A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and (B) by striking ``section 960(a)'' in subparagraph (A) (as so redesignated) and inserting ``section 960''. (24) Section 907(c)(5) is amended by striking ``902 or''. (25) Section 907(f)(2)(B)(i) is amended by striking ``902 or''. (26) Section 908(a) is amended by striking ``902 or''. (27) Section 909(b) is amended-- (A) by striking ``section 902 corporation'' in the matter preceding paragraph (1) and inserting ``specified 10-percent owned foreign corporation (as defined in section 245A(b))'', (B) by striking ``902 or'' in paragraph (1), (C) by striking ``by such section 902 corporation'' and all that follows in the matter following paragraph (2) and inserting ``by such specified 10-percent owned foreign corporation or a domestic corporation which is a United States shareholder with respect to such specified 10-percent owned foreign corporation.'', and (D) by striking ``Section 902 Corporations'' in the heading thereof and inserting ``Specified 10-percent Owned Foreign Corporations''. (28) Section 909(d) is amended by striking paragraph (5). (29) Section 958(a)(1) is amended by striking ``960(a)(1)'' and inserting ``960''. (30) Section 959(d) is amended by striking ``Except as provided in section 960(a)(3), any'' and inserting ``Any''. (31) Section 959(e) is amended by striking ``section 960(b)'' and inserting ``section 960(c)''. (32) Section 1291(g)(2)(A) is amended by striking ``any distribution--'' and all that follows through ``but only if'' and inserting ``any distribution, any withholding tax imposed with respect to such distribution, but only if''. (33) Section 6038(c)(1)(B) is amended by striking ``sections 902 (relating to foreign tax credit for corporate stockholder in foreign corporation) and 960 (relating to special rules for foreign tax credit)'' and inserting ``section 960''. (34) Section 6038(c)(4) is amended by striking subparagraph (C). (35) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by striking the item relating to section 902. (36) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 960 and inserting the following: ``Sec. 960. Deemed paid credit for subpart F inclusions.''. (d) Effective Date.--The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. SEC. 14302. SEPARATE FOREIGN TAX CREDIT LIMITATION BASKET FOR FOREIGN BRANCH INCOME. (a) In General.--Section 904(d)(1), as amended by section 14201, is amended by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting after subparagraph (A) the following new subparagraph: ``(B) foreign branch income,''. (b) Foreign Branch Income.-- (1) In general.--Section 904(d)(2) is amended by inserting after subparagraph (I) the following new subparagraph: ``(J) Foreign branch income.-- ``(i) In general.--The term `foreign branch income' means the business profits of such United States person which are attributable to 1 or more qualified business units (as defined in section 989(a)) in 1 or more foreign countries. For purposes of the preceding sentence, the amount of business profits attributable to a qualified business unit shall be determined under rules established by the Secretary. ``(ii) Exception.--Such term shall not include any income which is passive category income.''. (2) Conforming amendment.--Section 904(d)(2)(A)(ii), as amended by section 14201, is amended by striking ``income described in paragraph (1)(A) and'' and inserting ``income described in paragraph (1)(A), foreign branch income, and''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14303. ACCELERATION OF ELECTION TO ALLOCATE INTEREST, ETC., ON A WORLDWIDE BASIS. (a) In General.--Section 864(f)(6) is amended by striking ``December 31, 2020'' and inserting ``December 31, 2017''. (b) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14304. SOURCE OF INCOME FROM SALES OF INVENTORY DETERMINED SOLELY ON BASIS OF PRODUCTION ACTIVITIES. (a) In General.--Section 863(b) is amended by adding at the end the following: ``Gains, profits, and income from the sale or exchange of inventory property described in paragraph (2) shall be allocated and apportioned between sources within and without the United States solely on the basis of the production activities with respect to the property.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. [[Page S7802]] SEC. 14305. ELECTION TO INCREASE PERCENTAGE OF DOMESTIC TAXABLE INCOME OFFSET BY OVERALL DOMESTIC LOSS TREATED AS FOREIGN SOURCE. (a) In General.--Section 904(g) is amended by adding at the end the following new paragraph: ``(5) Election to increase percentage of taxable income treated as foreign source.-- ``(A) In general.--If any pre-2018 unused overall domestic loss is taken into account under paragraph (1) for any applicable taxable year, the taxpayer may elect to have such paragraph applied to such loss by substituting a percentage greater than 50 percent (but not greater than 100 percent) for 50 percent in subparagraph (B) thereof. ``(B) Pre-2018 unused overall domestic loss.--For purposes of this paragraph, the term `pre-2018 unused overall domestic loss' means any overall domestic loss which-- ``(i) arises in a qualified taxable year beginning before January 1, 2018, and ``(ii) has not been used under paragraph (1) for any taxable year beginning before such date. ``(C) Applicable taxable year.--For purposes of this paragraph, the term `applicable taxable year' means any taxable year of the taxpayer beginning after December 31, 2017, and before January 1, 2028.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. PART II--INBOUND TRANSACTIONS SEC. 14401. BASE EROSION AND ANTI-ABUSE TAX. (a) Imposition of Tax.--Subchapter A of chapter 1 is amended by adding at the end the following new part: ``PART VII--BASE EROSION AND ANTI-ABUSE TAX ``Sec. 59A. Tax on base erosion payments of taxpayers with substantial gross receipts. ``SEC. 59A. TAX ON BASE EROSION PAYMENTS OF TAXPAYERS WITH SUBSTANTIAL GROSS RECEIPTS. ``(a) Imposition of Tax.--There is hereby imposed on each applicable taxpayer for any taxable year a tax equal to the base erosion minimum tax amount for the taxable year. Such tax shall be in addition to any other tax imposed by this subtitle. ``(b) Base Erosion Minimum Tax Amount.--For purposes of this section-- ``(1) In general.--Except as provided in paragraphs (2) and (3), the term `base erosion minimum tax amount' means, with respect to any applicable taxpayer for any taxable year, the excess (if any) of-- ``(A) an amount equal to 10 percent of the modified taxable income of such taxpayer for the taxable year, over ``(B) an amount equal to the regular tax liability (as defined in section 26(b)) of the taxpayer for the taxable year, reduced (but not below zero) by the excess (if any) of-- ``(i) the credits allowed under this chapter against such regular tax liability, over ``(ii) the credit allowed under section 38 for the taxable year which is properly allocable to the research credit determined under section 41(a). ``(2) Modifications for taxable years beginning after 2025.--In the case of any taxable year beginning after December 31, 2025, paragraph (1) shall be applied-- ``(A) by substituting `12.5 percent' for `10 percent' in subparagraph (A) thereof, and ``(B) by reducing (but not below zero) the regular tax liability (as defined in section 26(b)) for purposes of subparagraph (B) thereof by the aggregate amount of the credits allowed under this chapter against such regular tax liability rather than the excess described in such subparagraph. ``(3) Increased rate for certain banks and securities dealers.-- ``(A) In general.--In the case of an applicable taxpayer described in subparagraph (B) for any taxable year-- ``(i) paragraphs (1)(A) and (2)(A) shall each be applied by substituting `11 percent' for `10 percent', and ``(ii) paragraph (2)(A) shall be applied by substituting `13.5 percent' for `12.5 percent'. ``(B) Taxpayer described.--An applicable taxpayer is described in this subparagraph if such taxpayer is a member of an affiliated group (as defined in section 1504(a)(1)) which includes-- ``(i) a bank (as defined in section 581), or ``(ii) a registered securities dealer under section 15(a) of the Securities Exchange Act of 1934. ``(c) Modified Taxable Income.--For purposes of this section-- ``(1) In general.--The term `modified taxable income' means the taxable income of the taxpayer computed under this chapter for the taxable year, determined without regard to-- ``(A) any base erosion tax benefit with respect to any base erosion payment, or ``(B) the base erosion percentage of any net operating loss deduction allowed under section 172 for the taxable year. ``(2) Base erosion tax benefit.-- ``(A) In general.--The term `base erosion tax benefit' means-- ``(i) any deduction described in subsection (d)(1) which is allowed under this chapter for the taxable year with respect to any base erosion payment, ``(ii) in the case of a base erosion payment described in subsection (d)(2), any deduction allowed under this chapter for the taxable year for depreciation (or amortization in lieu of depreciation) with respect to the property acquired with such payment, and ``(iii) in the case of a base erosion payment described in subsection (d)(3), any reduction in gross receipts with respect to such payment in computing gross income of the taxpayer for the taxable year for purposes of this chapter. ``(B) Tax benefits disregarded if tax withheld on base erosion payment.-- ``(i) In general.--Except as provided in clause (ii), any base erosion tax benefit attributable to any base erosion payment-- ``(I) on which tax is imposed by section 871 or 881, and ``(II) with respect to which tax has been deducted and withheld under section 1441 or 1442, shall not be taken into account in computing modified taxable income under paragraph (1)(A) or the base erosion percentage under paragraph (4). ``(ii) Exception.--The amount not taken into account in computing modified taxable income by reason of clause (i) shall be reduced under rules similar to the rules under section 163(j)(5)(B) (as in effect before the date of the enactment of the Tax Cuts and Jobs Act). ``(3) Special rules for determining interest for which deduction allowed.--For purposes of applying paragraph (1), in the case of a taxpayer to which subsection (j) or (n) of section 163 applies for the taxable year, the reduction in the amount of interest for which a deduction is allowed by reason of such subsection shall be treated as allocable first to interest paid or accrued to persons who are not related parties with respect to the taxpayer and then to such related parties. ``(4) Base erosion percentage.--For purposes of paragraph (1)(B)-- ``(A) In general.--The term `base erosion percentage' means, for any taxable year, the percentage determined by dividing-- ``(i) the aggregate amount of base erosion tax benefits of the taxpayer for the taxable year, by ``(ii) the aggregate amount of the deductions allowable to the taxpayer under this chapter for the taxable year. ``(B) Special rules.--The amount under subparagraph (A)(ii) shall be determined-- ``(i) by taking into account base erosion tax benefits described in clauses (i) and (ii) of paragraph (2)(A), and ``(ii) by not taking into account any deduction allowed under section 172, 245A, or 250 for the taxable year. ``(d) Base Erosion Payment.--For purposes of this section-- ``(1) In general.--The term `base erosion payment' means any amount paid or accrued by the taxpayer to a foreign person which is a related party of the taxpayer and with respect to which a deduction is allowable under this chapter. ``(2) Purchase of depreciable property.--Such term shall also include any amount paid or accrued by the taxpayer to a foreign person which is a related party of the taxpayer in connection with the acquisition by the taxpayer from such person of property of a character subject to the allowance of depreciation (or amortization in lieu of depreciation). ``(3) Certain payments to expatriated entities.-- ``(A) In general.--Such term shall also include any amount paid or accrued by the taxpayer with respect to a person described in subparagraph (B) which results in a reduction of the gross receipts of the taxpayer. ``(B) Person described.--A person is described in this subparagraph if such person is a-- ``(i) surrogate foreign corporation which is a related party of the taxpayer, but only if such person first became a surrogate foreign corporation after November 9, 2017, or ``(ii) foreign person which is a member of the same expanded affiliated group as the surrogate foreign corporation. ``(C) Definitions.--For purposes of this paragraph-- ``(i) Surrogate foreign corporation.--The term `surrogate foreign corporation' has the meaning given such term by section 7874(a)(2) but does not include a foreign corporation treated as a domestic corporation under section 7874(b). ``(ii) Expanded affiliated group.--The term `expanded affiliated group' has the meaning given such term by section 7874(c)(1). ``(4) Exception for certain amounts with respect to services.--Paragraph (1) shall not apply to any amount paid or accrued by a taxpayer for services if-- ``(A) such services are services which meet the requirements for eligibility for use of the services cost method under section 482 (determined without regard to the requirement that the services not contribute significantly to fundamental risks of business success or failure), and ``(B) such amount constitutes the total services cost with no markup. ``(e) Applicable Taxpayer.--For purposes of this section-- ``(1) In general.--The term `applicable taxpayer' means, with respect to any taxable year, a taxpayer-- ``(A) which is a corporation other than a regulated investment company, a real estate investment trust, or an S corporation, ``(B) the average annual gross receipts of which for the 3- taxable-year period ending with the preceding taxable year are at least $500,000,000, and ``(C) the base erosion percentage (as determined under subsection (c)(4)) of which for the taxable year is 4 percent or higher. [[Page S7803]] ``(2) Gross receipts.-- ``(A) Special rule for foreign persons.--In the case of a foreign person the gross receipts of which are taken into account for purposes of paragraph (1)(B), only gross receipts which are taken into account in determining income which is effectively connected with the conduct of a trade or business within the United States shall be taken into account. In the case of a taxpayer which is a foreign person, the preceding sentence shall not apply to the gross receipts of any United States person which are aggregated with the taxpayer's gross receipts by reason of paragraph (3). ``(B) Other rules made applicable.--Rules similar to the rules of subparagraphs (B), (C), and (D) of section 448(c)(3) shall apply in determining gross receipts for purposes of this section. ``(3) Aggregation rules.--All persons treated as a single employer under subsection (a) of section 52 shall be treated as 1 person for purposes of this subsection and subsection (c)(4), except that in applying section 1563 for purposes of section 52, the exception for foreign corporations under section 1563(b)(2)(C) shall be disregarded. ``(f) Foreign Person.--For purposes of this section, the term `foreign person' has the meaning given such term by section 6038A(c)(3). ``(g) Related Party.--For purposes of this section-- ``(1) In general.--The term `related party' means, with respect to any applicable taxpayer-- ``(A) any 25-percent owner of the taxpayer, ``(B) any person who is related (within the meaning of section 267(b) or 707(b)(1)) to the taxpayer or any 25- percent owner of the taxpayer, and ``(C) any other person who is related (within the meaning of section 482) to the taxpayer. ``(2) 25-percent owner.--The term `25-percent owner' means, with respect to any corporation, any person who owns at least 25 percent of-- ``(A) the total voting power of all classes of stock of a corporation entitled to vote, or ``(B) the total value of all classes of stock of such corporation. ``(3) Section 318 to apply.--Section 318 shall apply for purposes of paragraphs (1) and (2), except that-- ``(A) `10 percent' shall be substituted for `50 percent' in section 318(a)(2)(C), and ``(B) subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person. ``(h) Exception for Certain Payments Made in the Ordinary Course of Trade or Business.--For purposes of this section-- ``(1) In general.--Except as provided in paragraph (3), any qualified derivative payment shall not be treated as a base erosion payment. ``(2) Qualified derivative payment.-- ``(A) In general.--The term `qualified derivative payment' means any payment made by a taxpayer pursuant to a derivative with respect to which the taxpayer-- ``(i) recognizes gain or loss as if such derivative were sold for its fair market value on the last business day of the taxable year (and such additional times as required by this title or the taxpayer's method of accounting), ``(ii) treats any gain or loss so recognized as ordinary, and ``(iii) treats the character of all items of income, deduction, gain, or loss with respect to a payment pursuant to the derivative as ordinary. ``(B) Reporting requirement.--No payments shall be treated as qualified derivative payments under subparagraph (A) for any taxable year unless the taxpayer includes in the information required to be reported under section 6038B(b)(2) with respect to such taxable year such information as is necessary to identify the payments to be so treated and such other information as the Secretary determines necessary to carry out the provisions of this subsection. ``(3) Exceptions for payments otherwise treated as base erosion payments.--This subsection shall not apply to any qualified derivative payment if-- ``(A) the payment would be treated as a base erosion payment if it were not made pursuant to a derivative, including any interest, royalty, or service payment, or ``(B) in the case of a contract which has derivative and nonderivative components, the payment is properly allocable to the nonderivative component. ``(4) Derivative defined.--For purposes of this subsection-- ``(A) In general.--The term `derivative' means any contract (including any option, forward contract, futures contract, short position, swap, or similar contract) the value of which, or any payment or other transfer with respect to which, is (directly or indirectly) determined by reference to one or more of the following: ``(i) Any share of stock in a corporation. ``(ii) Any evidence of indebtedness. ``(iii) Any commodity which is actively traded. ``(iv) Any currency. ``(v) Any rate, price, amount, index, formula, or algorithm. ``(B) Treatment of american depository receipts and similar instruments.--Except as otherwise provided by the Secretary, for purposes of this part, American depository receipts (and similar instruments) with respect to shares of stock in foreign corporations shall be treated as shares of stock in such foreign corporations. ``(i) Regulations.--The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of this section, including regulations-- ``(1) providing for such adjustments to the application of this section as are necessary to prevent the avoidance of the purposes of this section, including through-- ``(A) the use of unrelated persons, conduit transactions, or other intermediaries, or ``(B) transactions or arrangements designed, in whole or in part-- ``(i) to characterize payments otherwise subject to this section as payments not subject to this section, or ``(ii) to substitute payments not subject to this section for payments otherwise subject to this section and ``(2) for the application of subsection (g), including rules to prevent the avoidance of the exceptions under subsection (g)(3).''. (b) Reporting Requirements and Penalties.-- (1) In general.--Subsection (b) of section 6038A is amended to read as follows: ``(b) Required Information.-- ``(1) In general.--For purposes of subsection (a), the information described in this subsection is such information as the Secretary prescribes by regulations relating to-- ``(A) the name, principal place of business, nature of business, and country or countries in which organized or resident, of each person which-- ``(i) is a related party to the reporting corporation, and ``(ii) had any transaction with the reporting corporation during its taxable year, ``(B) the manner in which the reporting corporation is related to each person referred to in subparagraph (A), and ``(C) transactions between the reporting corporation and each foreign person which is a related party to the reporting corporation. ``(2) Additional information regarding base erosion payments.--For purposes of subsection (a) and section 6038C, if the reporting corporation or the foreign corporation to whom section 6038C applies is an applicable taxpayer, the information described in this subsection shall include-- ``(A) such information as the Secretary determines necessary to determine the base erosion minimum tax amount, base erosion payments, and base erosion tax benefits of the taxpayer for purposes of section 59A for the taxable year, and ``(B) such other information as the Secretary determines necessary to carry out such section. For purposes of this paragraph, any term used in this paragraph which is also used in section 59A shall have the same meaning as when used in such section.''. (2) Increase in penalty.--Paragraphs (1) and (2) of section 6038A(d) are each amended by striking ``$10,000'' and inserting ``$25,000''. (c) Disallowance of Credits Against Base Erosion Tax.-- Paragraph (2) of section 26(b) is amended by inserting after subparagraph (A) the following new subparagraph: ``(B) section 59A (relating to base erosion and anti-abuse tax),''. (d) Conforming Amendments.-- (1) The table of parts for subchapter A of chapter 1 is amended by adding after the item relating to part VI the following new item: ``Part VII. Base erosion and anti-abuse tax''. (2) Paragraph (1) of section 882(a), as amended by this Act, is amended by inserting `` or 59A,'' after ``section 11,''. (3) Subparagraph (A) of section 6425(c)(1), as amended by section 13001, is amended to read as follows: ``(A) the sum of-- ``(i) the tax imposed by section 11, or subchapter L of chapter 1, whichever is applicable, plus ``(ii) the tax imposed by section 59A, over''. (4)(A) Subparagraph (A) of section 6655(g)(1), as amended by section 13001, is amended by striking ``plus'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause: ``(ii) the tax imposed by section 59A, plus''. (B) Subparagraphs (A)(i) and (B)(i) of section 6655(e)(2), as amended by section 13001, are each amended by inserting ``and modified taxable income'' after ``taxable income''. (C) Subparagraph (B) of section 6655(e)(2) is amended by adding at the end the following new clause: ``(iii) Modified taxable income.--The term `modified taxable income' has the meaning given such term by section 59A(c)(1).''. (e) Effective Date.--The amendments made by this section shall apply to base erosion payments (as defined in section 59A(d) of the Internal Revenue Code of 1986, as added by this section) paid or accrued in taxable years beginning after December 31, 2017. PART III--OTHER PROVISIONS SEC. 14501. RESTRICTION ON INSURANCE BUSINESS EXCEPTION TO PASSIVE FOREIGN INVESTMENT COMPANY RULES. (a) In General.--Section 1297(b)(2)(B) is amended to read as follows: ``(B) derived in the active conduct of an insurance business by a qualifying insurance corporation (as defined in subsection (f)),''. (b) Qualifying Insurance Corporation Defined.--Section 1297 is amended by adding at the end the following new subsection: [[Page S7804]] ``(f) Qualifying Insurance Corporation.--For purposes of subsection (b)(2)(B)-- ``(1) In general.--The term `qualifying insurance corporation' means, with respect to any taxable year, a foreign corporation-- ``(A) which would be subject to tax under subchapter L if such corporation were a domestic corporation, and ``(B) the applicable insurance liabilities of which constitute more than 25 percent of its total assets, determined on the basis of such liabilities and assets as reported on the corporation's applicable financial statement for the last year ending with or within the taxable year. ``(2) Alternative facts and circumstances test for certain corporations.--If a corporation fails to qualify as a qualified insurance corporation under paragraph (1) solely because the percentage determined under paragraph (1)(B) is 25 percent or less, a United States person that owns stock in such corporation may elect to treat such stock as stock of a qualifying insurance corporation if-- ``(A) the percentage so determined for the corporation is at least 10 percent, and ``(B) under regulations provided by the Secretary, based on the applicable facts and circumstances-- ``(i) the corporation is predominantly engaged in an insurance business, and ``(ii) such failure is due solely to runoff-related or rating-related circumstances involving such insurance business. ``(3) Applicable insurance liabilities.--For purposes of this subsection-- ``(A) In general.--The term `applicable insurance liabilities' means, with respect to any life or property and casualty insurance business-- ``(i) loss and loss adjustment expenses, and ``(ii) reserves (other than deficiency, contingency, or unearned premium reserves) for life and health insurance risks and life and health insurance claims with respect to contracts providing coverage for mortality or morbidity risks. ``(B) Limitations on amount of liabilities.--Any amount determined under clause (i) or (ii) of subparagraph (A) shall not exceed the lesser of such amount-- ``(i) as reported to the applicable insurance regulatory body in the applicable financial statement described in paragraph (4)(A) (or, if less, the amount required by applicable law or regulation), or ``(ii) as determined under regulations prescribed by the Secretary. ``(4) Other definitions and rules.--For purposes of this subsection-- ``(A) Applicable financial statement.--The term `applicable financial statement' means a statement for financial reporting purposes which-- ``(i) is made on the basis of generally accepted accounting principles, ``(ii) is made on the basis of international financial reporting standards, but only if there is no statement that meets the requirement of clause (i), or ``(iii) except as otherwise provided by the Secretary in regulations, is the annual statement which is required to be filed with the applicable insurance regulatory body, but only if there is no statement which meets the requirements of clause (i) or (ii). ``(B) Applicable insurance regulatory body.--The term `applicable insurance regulatory body' means, with respect to any insurance business, the entity established by law to license, authorize, or regulate such business and to which the statement described in subparagraph (A) is provided.''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14502. REPEAL OF FAIR MARKET VALUE METHOD OF INTEREST EXPENSE APPORTIONMENT. (a) In General.--Paragraph (2) of section 864(e) is amended to read as follows: ``(2) Gross income and fair market value methods may not be used for interest.--All allocations and apportionments of interest expense shall be determined using the adjusted bases of assets rather than on the basis of the fair market value of the assets or gross income.''. (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after December 31, 2017. SEC. 14503. MODIFICATION TO SOURCE RULES INVOLVING POSSESSIONS. (a) In General.--Subsection (b)(2) of Section 937 of the Internal Revenue Code of 1986 is amended by inserting ``, but only to the extent such income is attributable to an office or fixed place of business within the United States (determined under the rules of Section 864(c)(5))'' before the period at the end. (b) Source Rules for Personal Property Sales.--Subsection (j)(3) of section 865 of the Internal Revenue Code of 1986 is amended by inserting ``932,'' after ``931,''. (c) Effective Date.--The amendments made by this section shall apply to taxable years beginning after December 31, 2018. TITLE II SEC. 20001. OIL AND GAS ***PROGRAM***. (a) Definitions.--In this section: (1) Coastal plain.--The term ``Coastal Plain'' means the area identified as the 1002 Area on the plates prepared by the United States Geological Survey entitled ``ANWR Map - Plate 1'' and ``ANWR Map - Plate 2'', dated October 24, 2017, and on file with the United States Geological Survey and the Office of the Solicitor of the Department of the Interior. (2) Secretary.--The term ``Secretary'' means the Secretary of the Interior, acting through the Bureau of Land Management. (b) Oil and Gas ***Program***.-- (1) In general.--Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C 3143) shall not apply to the Coastal Plain. (2) Establishment.-- (A) In general.--The Secretary shall establish and administer a competitive oil and gas ***program*** for the leasing, development, production, and transportation of oil and gas in and from the Coastal Plain. (B) Purposes.--Section 303(2)(B) of the Alaska National Interest Lands Conservation Act (Public Law 96-487; 94 Stat. 2390) is amended-- (i) in clause (iii), by striking ``and'' at the end; (ii) in clause (iv), by striking the period at the end and inserting ``; and''; and (iii) by adding at the end the following: ``(v) to provide for an oil and gas ***program*** on the Coastal Plain.''. (3) Management.--Except as otherwise provided in this section, the Secretary shall manage the oil and gas ***program*** on the Coastal Plain in a manner similar to the administration of lease sales under the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C 6501 et seq.) (including regulations). (4) Royalties.--Notwithstanding the Mineral Leasing Act (30 U.S.C 181 et seq.), the royalty rate for leases issued pursuant to this section shall be 16.67 percent. (5) Receipts.--Notwithstanding the Mineral Leasing Act (30 U.S.C 181 et seq.), of the amount of adjusted bonus, rental, and royalty receipts derived from the oil and gas ***program*** and operations on Federal land authorized under this section-- (A) 50 percent shall be paid to the State of Alaska; and (B) the balance shall be deposited into the Treasury as miscellaneous receipts. (c) 2 Lease Sales Within 10 Years.-- (1) Requirement.-- (A) In general.--Subject to subparagraph (B), the Secretary shall conduct not fewer than 2 lease sales area-wide under the oil and gas ***program*** under this section by not later than 10 years after the date of enactment of this Act. (B) Sale acreages; schedule.-- (i) Acreages.--The Secretary shall offer for lease under the oil and gas ***program*** under this section-- (I) not fewer than 400,000 acres area-wide in each lease sale; and (II) those areas that have the highest potential for the discovery of hydrocarbons. (ii) Schedule.--The Secretary shall offer-- (I) the initial lease sale under the oil and gas ***program*** under this section not later than 4 years after the date of enactment of this Act; and (II) a second lease sale under the oil and gas ***program*** under this section not later than 7 years after the date of enactment of this Act. (2) Rights-of-way.--The Secretary shall issue any rights- of-way or easements across the Coastal Plain for the exploration, development, production, or transportation necessary to carry out this section. (3) Surface development.--In administering this section, the Secretary shall authorize up to 2,000 surface acres of Federal land on the Coastal Plain to be covered by production and support facilities (including airstrips and any area covered by gravel berms or piers for support of pipelines) during the term of the leases under the oil and gas ***program*** under this section. SEC. 20002. LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES. Section 105(f)(1) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C 1331 note; Public Law 109-432) is amended by striking ``exceed $500,000,000 for each of fiscal years 2016 through 2055.'' and inserting the following: ``exceed-- ``(A) $500,000,000 for each of fiscal years 2016 through 2019; ``(B) $650,000,000 for each of fiscal years 2020 and 2021; and ``(C) $500,000,000 for each of fiscal years 2022 through 2055.''. SEC. 20003. ***STRATEGIC*** PETROLEUM RESERVE DRAWDOWN AND SALE. (a) Drawdown and Sale.-- (1) In general.--Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C 6241), except as provided in subsections (b) and (c), the Secretary of Energy shall draw down and sell from the ***Strategic*** Petroleum Reserve 7,000,000 barrels of crude oil during the period of fiscal years 2026 through 2027. (2) Deposit of amounts received from sale.--Amounts received from a sale under paragraph (1) shall be deposited in the general fund of the Treasury during the fiscal year in which the sale occurs. (b) Emergency Protection.--The Secretary of Energy shall not draw down and sell crude oil under subsection (a) in a quantity that would limit the authority to sell petroleum products under subsection (h) of section 161 of the Energy Policy and Conservation Act (42 U.S.C 6241) in the full quantity authorized by that subsection. (c) Limitation.--The Secretary of Energy shall not drawdown or conduct sales of crude oil under subsection (a) after the date on which a total of $600,000,000 has been deposited in the general fund of the Treasury from sales authorized under that subsection. [[Page S7805]] \_\_\_\_\_\_ SA 1856. Mr. MERKLEY proposed an amendment to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: On page 289, strike lines 17 through 19 \_\_\_\_\_\_ SA 1857. Mr. DAINES (for himself, Mrs. Ernst, Mr. Lankford, Mr. Moran, Mrs. Fischer, Mr. Inhofe, Mr. Blunt, Mr. Lee, Mr. Risch, and Mr. Sasse) submitted an amendment intended to be proposed to amendment SA 1618 proposed by Mr. McConnell (for Mr. Hatch (for himself and Ms. Murkowski)) to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table; as follows: Beginning on page 46, strike line 7 and all that follows through page 48, line 20 and insert the following: ``(1) In general.--In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026, this section shall be applied as provided in paragraphs (2) through (8). ``(2) Credit amount.--Subsection (a) shall be applied by substituting `$2,000' for `$1,000'. ``(3) Limitation.--In lieu of the amount determined under subsection (b)(2), the threshold amount shall be $500,000. ``(4) Partial credit allowed for certain other dependents.-- ``(A) In general.--The credit determined under subsection (a) (after the application of paragraph (2)) shall be increased by $500 for each dependent of the taxpayer (as defined in section 152) other than a qualifying child described in subsection (c). ``(B) Exception for certain noncitizens.--Subparagraph (A) shall not apply with respect to any individual who would not be a dependent if subparagraph (A) of section 152(b)(3) were applied without regard to all that follows `resident of the United States'. ``(5) Maximum amount of refundable credit.-- ``(A) In general.--Subsection (d)(1)(A) shall be applied without regard to paragraphs (2) and (4) of this subsection. ``(B) Adjustment for inflation.--In the case of a taxable year beginning after 2017, subsection (d)(1)(A) shall be applied as if the $1,000 amount in subsection (a) were increased (but not to exceed the amount under paragraph (2) of this subsection) by an amount equal to-- ``(i) such dollar amount, multiplied by ``(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins. Any increase determined under the preceding sentence shall be rounded to the next highest multiple of $100. ``(6) Earned income threshold for refundable credit.-- Subsection (d)(1)(B)(i) shall be applied by substituting `$2,500' for `$3,000'. ``(7) Social security number required.--No credit shall be allowed under subsection (d) to a taxpayer with respect to any qualifying child unless the taxpayer includes the social security number of such child on the return of tax for the taxable year. For purposes of the preceding sentence, the term `social security number' means a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued to a citizen of the United States or is issued pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act. ``(8) Credit allowed with respect to certain children.-- ``(A) In general.--The term `qualifying child' for any such taxable year includes any child who is born and issued a social security number (as defined in paragraph (7)) before the due date for the return of tax (without regard to extensions) for the taxable year. ``(B) Double credit in case of children unable to claim credit.--In the case of any child born during a taxable year described in paragraph (1) who is not taken into account under subparagraph (A) for the taxable year immediately preceding the taxable year in which the child is born, the amount of the credit determined under this section with respect to such child for the taxable year of the child's birth shall be increased by the lesser of-- ``(i) the amount of the credit determined under this section with respect to such child for the taxable year without regard to this subparagraph and subsection (d), or ``(ii) the amount of the credit determined under subsection (d) with respect to such child for the taxable year.''. \_\_\_\_\_\_ SA 1858. Ms. BALDWIN submitted an amendment intended to be proposed by her to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows: Strike subsection (b) of section 11011. \_\_\_\_\_\_ SA 1859. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows: At the end of part IV of subtitle A of title I, add the following: SEC. 11033. REPEAL OF DENIAL OF CREDIT FOR FELONY DRUG OFFENSES. (a) In General.--Section 25A(b)(2) is amended by striking subparagraph (D). (b) Effective Date.--The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act. \_\_\_\_\_\_ SA 1860. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows: At the end of subpart B of part V of subtitle A of title I, add the following: SEC. 13417. HOMELESS YOUTH AND VETERANS WHO ARE FULL-TIME STUDENTS QUALIFIED FOR PURPOSES OF THE LOW INCOME HOUSING TAX CREDIT. (a) In General.--Clause (i) of section 42(i)(3)(D) is amended by redesignating subclauses (II) and (III) as subclauses (IV) and (V), respectively, and by inserting after subclause (I) the following new subclauses: ``(II) a full-time student who, during any portion of the 7-year period ending with the commencement of such individual's continuous occupation of any low-income unit or units, was an individual described in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C 11434a(2)), ``(III) a full-time student who, during any portion of the 5-year period ending with the commencement of such individual's continuous occupation of any low-income unit or units, was an individual described in section 2002(1) of title 38, United States Code,''. (b) Effective Date.--The amendments made by subsection (a) shall apply to determinations made before, on, or after the date of the enactment of this Act. \_\_\_\_\_\_ SA 1861.. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows: At the end of part IV of subtitle A of title I, add the following: SEC. 11033. SENSE OF THE SENATE ON PRESERVING THE TAX-FREE STATUS OF EMPLOYER-PROVIDED TUITION ASSISTANCE. It is the sense of the Senate that-- (1) employer-provided tuition assistance is a critical resource for workers seeking to improve job skills and strengthen the economy, and (2) employer-provided tuition assistance should not be treated as taxable income. \_\_\_\_\_\_ SA 1862. Mr. FRANKEN submitted an amendment intended to be proposed by him to the bill H.R 1, to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018; which was ordered to lie on the table, as follows: At the end of part IV of subtitle A of title I, add the following: SEC. 11033. SENSE OF THE SENATE ON PREVENTING TAX INCREASES ON GRADUATE STUDENTS. It is the sense of the Senate that-- (1) tuition waivers for graduate students support critical research, education, and innovation in the United States, and (2) tuition waivers for graduate students should not be treated as taxable income.

**Load-Date:** December 4, 2017

**End of Document**



[***Approval of the Strategy for the Development of Sea Ports in the Caspian Sea***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PY6-DS71-JDVR-00ST-00000-00&context=1516831)

Russian Government News

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**Body**

The main goal of the Strategy is to consolidate the economic and geopolitical presence of Russia in the Caspian Sea, to expand and deepen economic and cultural ties with Caspian countries and create conditions for the further socio-economic development of the Caspian region by increasing international trade via the Caspian ports.

Reference

The directive is drafted by the Ministry for North Caucasus Affairs to fulfil the President's instruction following the Government meeting on 12 October, 2016 (Pr-2077 of 27 October, 2016, item 2) and in accordance with the Federal Law No.172-FZ of 28 June, 2014 "On ***Strategic*** ***Planning*** in the Russian Federation."

The signed directive has endorsed the Strategy for the Development of Sea Ports in the Caspian Sea and Rail and Road Links to Them until 2030 (from now on, referred to as the Strategy).

The draft Strategy has been elaborated taking into account the Concept for Long-term Socio-economic Development of the Russian Federation for the Period Until 2020, (approved by the Government's directive No.1662-r of 17 November, 2008), the Concept of the Demographic Policy of the Russian Federation Until 2025, (approved by the President's executive order  No. 1351 of 9 October, 2007,) the Strategy of the National Security of the Russian Federation, (endorsed by the President's executive order No. 683 of  31 December, 2015), and the ***programme*** of action to ensure ***strategic*** interests of the Russian Federation in the Caspian Sea in 2016-2018.

 The main goal of the Strategy is to consolidate the economic and geopolitical presence of Russia in the Caspian Sea, to expand and deepen economic and cultural ties with Caspian countries and create the conditions for further socio-economic development of the Caspian region by increasing international trade via Caspian ports.

Targets of the Strategy's implementation:

- development of the Russian Caspian transit hub and its inclusion in the international trade system;

- building a sustainable transport and logistics corridor with Iran, India and Persian Gulf countries;

- socio-economic development of the Caspian region;

- development of export-oriented business via the Russian Caspian transit hub;

- reduction of current logistics costs;

- strengthening of the national defence capability and security on the Caspian Sea.

The Strategy provides solutions for regulatory, tariff, investment, operational and institutional tasks.

Regulatory tasks involve increasing the competitiveness of cargo and passenger traffic through Russian ports on the Caspian Sea by simplifying administrative procedures (such as acceleration of customs clearance of cargo shipments and on-the-spot coordination of projects on upgrading port infrastructure facilities). They also encompass the creation of favourable conditions for increasing domestic and international tourism in the region (in particular, by easing customs rules).

Tariff tasks involve working out and administering uniform competitive shipment tariffs for transportation via the Caspian transit hub.

Investment tasks include upgrading the existing infrastructure and building new transit and logistics facilities for developing cargo and passenger traffic, including port facilities, as well as remote and close road and railway links to sea ports.

Operational tasks include the introduction of a project ***planning*** and management system, which highlights the export potential of the Caspian region, in particular, its production and logistics facilities. This can be accomplished by creating the necessary legislative and administrative conditions and institutions.

Institutional tasks are aimed at stimulating the development of ***agriculture*** and industrial production, which together with transport infrastructure can ***produce*** a synergistic effect for the development of the region as a whole, with the help of institutions for the support of such projects.

The Strategy will be carried out in three stages: the first or preparatory stage (until 2020); the second or main stage (2020-2025), and the third or long-term stage (2026-2030).

The Strategy's targets, tasks and mechanisms are aimed at creating a sustainable transport and logistics corridor and promoting trade and tourism, primarily with Iran, India and Persian Gulf countries. During the long-term stage of implementation, experts ***plan*** to study the possibility of promoting trade with all Caspian states, taking into account the expanded capacities of the new offshore deep-water port (terminal).

Implementing the Strategy will make it possible to increase grain exports via the Caspian Sea ports to seven million tonnes, and the same amount of other dry cargo by 2030, as well as to attract up to 30,000 domestic tourists a year to the Caspian region, and create over 2,000 jobs.

\* \* \* \* \*

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[***Connections count in Frankfurt (Oder)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PPB-HRF1-JDJ9-J23S-00000-00&context=1516831)

Foreign Direct Investment (fDI)

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**Body**

Frankfurt an den Oder - not to be confused with Frankfurt am Main some 600 kilometres to its west, hence the designation Frankfurt (Oder) - offers more than meets the eye. The eastern German city, perched on the Oder river dividing Germany and Poland, is home to 57,000 people, and while fairly quiet on first glance, has fostered several innovative start-ups, crossborder ventures and unique business opportunities. This placid atmosphere, in fact, is what attracts many workers and families to the city, according to Frankfurt (Oder) lord mayor Martin Wilke. Situated directly on the east-west transport route of the North Sea-Baltic Corridor that connects the eastern ports of the Baltic Sea with the ports of the North Sea, Frankfurt (Oder)'s location is at the very centre of Europe. Its place on the Trans-European Transport Networks and at the interface of western and fast-growing eastern European markets makes it a highly ***strategic*** destination for business.

More than 1000 workers commute into the city from Berlin daily, making use of the 44 trains travelling between the two cities each day and the convenient one-hour journey time. Berlin is only 90 kilometres away and Berlin Schonefeld airport can be reached within a 45-minute drive. Out of East Brandenburg's 17,500-strong workforce, the region in which Frankfurt (Oder) is located, more than 13,000 people travel to the city for work. There is also a high volume of movement between Frankfurt (Oder) and its 'twin city' SAubice, directly across the Oder river in Poland, with which it shares many joint ***programmes*** and public services. This is set to grow, thanks to new investments and initiatives introduced by the private and public sector. The city, and its surrounding East Brandenburg region, has seen its share of struggle, however. Its population has fallen by 30,000 since 1989, when German reunification following the fall of the Berlin Wall allowed people to move westward. Unemployment is at 11.9%, which has spurred the city and region to double down on its activity to make itself more attractive to investors, more innovative and more open to the world. Frankfurt (Oder) was listed first in Germany by fDi Magazine's German Cities of the Future 2016/17 ranking for cost efficiency - criteria examined included wage levels, low rents for office space and industrial real estate, and cheap costs for the local hotels. Additionally, Frankfurt (Oder) provides businesses with the highest investment reimbursement rates in Germany - something to consider particularly with respect to its proximity to Berlin - and touts its 'twin location' on the German-Polish border as a means to access two of Europe's largest markets.

Knowledge incubator

A selling point of Frankfurt (Oder) is its specified technological expertise, the backbone of which is the Leibniz Institute for Innovations for High Performance Microelectronics (IHP). IHP develops silicon-based systems and radio frequency circuits and technology for broadband and wireless communication, and is involved in the aerospace, automation, security, biotechnology, medicine and automotive sectors. It employs more than 300 people from 23 different countries. "The focus of research at the institute lies in economically relevant issues, resulting in applications for telecommunications, medical engineering, security, aerospace and automation technologies," says IHP scientific director Bernd Tillack. IHP researchers are currently working on systems by which data volumes of more than 100 gigabits per second can be transferred wirelessly over short distances, among other things. The local newsletter from investment promotion agency Investor Center Ostbrandenburg (ICOB) recently wrote that IHP turned heads in Silicon Valley, saying: "In San Francisco, IHP presented its ultra-fast silicon-based chip, which is twice as fast as other silicon semiconductors used for various production technologies at present." This means that IHP has broken a world record, leading the way in enabling such things as higher data rates for both wire-based and wireless communication systems, for example, for radar systems that can prevent car accidents. It has also been praised for its engagement with local youth. It runs ***programmes*** with local schools and kindergartens to encourage participation in science, and offers a variety of apprenticeships for students with qualifications such as 'mobile apprentice' or 'apprentice meets science'. Furthermore, IHP's reach is international. As such, it has brought attention to Frankfurt (Oder) through partnerships and collaborations with global technology groups including IBM, Philips, Cisco and more. And, as it has a venture with SpaceTech in avionics for satellite systems, it could even be said that its reach is extraterrestrial.

On the radar

While a large organisation such as IHP plays a flagship role in Frankfurt (Oder), its spin-offs are equally noteworthy. Silicon Radar, a Frankfurt (Oder) start-up that is developing radar sensors, is one of these. Just in 2016 the company was awarded a 'future prize' for the State of Brandenburg for its innovative product developments. Its sensors are used to advance technology for industry and develop applications in robotics, drones and more. "Due to their miniaturisation, low power consumption and precision, these chips have become market leaders worldwide," says the Frankfurt (Oder) newsletter. With more than 100 international customers and an annual turnover of EU1.5m, the small team is a proud success story for the city. Founded a decade ago by two researchers at IHP, Silicon Radar now employs 20 people from nine different countries including Turkey, Ukraine and Bangladesh. Many of its research projects receive funding from the European Commission. "We depend on IHP," says Anja BAlicke, Silicon Radar's managing director. "We have contracts in place to use its equipment, and it is one of our most important customers and our most important supplier." IHP also ha s an active PhD ***programme***, so the start-up makes the most of that talent for potential hires. However, Ms BAlicke admits: "It is not easy to convince people from other regions of Germany to come here." Nonetheless, the venture continues to reach to new heights, proving that size does not always matter, particularly in the tech field. "We are by no means an elitist company," says Ms BAlicke. "Our interest is in everyday applications."

Satisfied customers

Frankfurt (Oder)'s largest foreign investor also credits IHP for much of its success. Astroenergy Solarmodule, a subsidiary of Chinese energy giant Chint Group, makes solar panels for the European market with an annual revenue of EU130m. The group established itself in Frankfurt (Oder) through the acquisition for only EU6m of a former German photovoltaics company that had gone into administration. "It was very important to be close to IHP, because IHP is very experienced in site production and is a source of a lot of technology and equipment," says Dietmar Gutzmer, director of business administration at Astronergy. His colleague Dong Chen agrees on the location's convenience. "Frankfurt (Oder) is in a key position between the east and west of Europe from a logistics point of view. And we already got the production facility and employees [in the acquisition], many of whom come from Berlin," he says. Astroenergy has seven solar module production facilities and 3000 employees worldwide, with 250 of those employees in Frankfurt (Oder).

Gateway to the east While demographics may change over time, geographic position does not, and this works well for Frankfurt (Oder), which is marketing itself as a German 'gateway to the east'. Making use of this is Bernd Meewes, director of Polish cargo terminal operator PCC Intermodal. "Our trains are coming from all of Poland and the Brandenburg area to Frankfurt (Oder) and going to Hamburg, Antwerp, Rotterdam - so Frankfurt (Oder) is connected to all the main European ports," says Mr Meewes. The four-track terminal handles more than 60,000 containers-worth of cargo each year. "It takes about 14 hours to get to Rotterdam [from Frankfurt (Oder)]," he says. "Our cargo is oil, gasoline, flooring, materials. About 400 to 500 containers come through per day. Frankfurt (Oder) is connected as well with Belarus and further east to China - the trains here can go all the way to China on the freight routes. "We invested about EU1.5m just in the terminal," he adds, referring to a private-public project between PCC Intermodal and the City of Frankfurt (Oder), the German government, and the EU. The venture aims to upgrade the cargo terminal in Frankfurt (Oder)'s Freight Village, which dates back to 2004. Total investment is EU10m and the terminal's current annual turnover is EU500m. PCC Intermodal itself has 10 facilities across Germany and Poland, with 200 employees in Germany and 16 in Frankfurt (Oder). Handling operations at the terminal have reached an all-time high thanks to new transport routes via the land bridge from China to Europe, which is used as an alternative to sea transport. Because of this growth, construction ***plans*** are already being drawn up for a seven-hectare logistics centre next to the terminal. "There are no problems with laws in Germany or Poland," says Mr Meewes says. "All the authorities are supporting us as well. The laws are complex in Germany, but we are really fine." PCC Intermodal has invested an extra EU2m to EU3m for new equipment, he adds, saying: "Frankfurt (Oder) is directly in the middle of our network, and the city is supporting us very well, so we decided to take over this terminal and we'll be here for the next 25 years for sure."

Room for manufacturing

An inadvertent benefit of Frankfurt (Oder)'s now reduced population is the amount of land available for companies setting up - particularly in manufacturing, where operations require substantial space. Land is also cheap. Prices on industrial estates start at EU10 per square metres, and investors are offered direct cashback incentives for labour or investment costs, as well as credit sureties and subsidies for R&D projects. TeGeCe technology park is a cluster that provides these benefits, along with all necessary infrastructure, such as fully developed industrial areas equipped with water supply, waste disposal, gas lines and more. The park is home to more than 50 companies, German and international, and employs about 3000 workers. One of TeGeCe's tenants is Japanese electrical components manufacturer Yamaichi, which employs 150 people in the tech park. It is currently investing in the construction of a new 6000 square metres factory in Frankfurt (Oder) on a greenfield surface area of three hectares. "Commencing operations in the middle of 2019 is a realistic goal. The city is proving extremely cooperative," says Helge Puhlman, European president of Yamaichi Electronics. The building will also include a training facility for apprentices to learn highly technical skills. German industrial manufacturing and engineering firm WEFO Tec is constructing its first production hall in Frankfurt (Oder), which, when completed at the end of 2017, will encompass 3900 square metres and include space for offices, sales, administration and maintenance. A second production hall is already being ***planned***. WEFO-Tec's initial investment of EU25m will generate 50 jobs. "The company ***plan*** is for its new site to cover the entire value-added chain for the production of injection-moulded parts for industry, including development, design, tool construction, parts production, procurement and assembly construction," says the ICOB newsletter. Manfred Boguslawski, WEFO Tec's managing director, says: "Our investment project is ***planned*** in different stages. Ultimately, our aim is to build a complete production line for plastic parts and assemblies with focus on sustainability, energy and environmentally friendly aspects throughout the process and the design of the entire production facility." Besides engineering components and plastics, Frankfurt (Oder) is also home to the Frankfurter Brauhaus brewery, which won a federal prize of merit from the German Federal Ministry for Nutrition and ***Agriculture*** in 2015. The company took over the Gilde brewery in Hanover, which previously belonged to the US brewery group Anheuser-Busch Inbev. Frankfurter Brauhaus's packaging company in Frankfurt (Oder) also has three production lines for PET bottles, and lines for keg and glass bottle production. The 200 or so employees at the Frankfurt (Oder) facility brew some 2.5 million hectolitres of beer a year for markets in Germany, Poland, Slovakia, the Czech Republic and Hungary.

Road to China

Chinese companies have increasingly shown interest in Frankfurt (Oder)'s manufacturing potential and amenable business environment, and in December 2016 Chinese plastics manufacturer YT Global Precision Leader chose the German city for its first foreign branch, Ying Tong Industrial. It will serve as a logistics hub for its European customers, and is expected to also provide a base for individual production and sales. Headquartered in Dongguan, China, the company has 380 employees globally and an annual revenue of $15m. Serving a global market with customers in the US, Asia and Europe, YT Global ***produces*** "business-to-business solutions for injection-moulded products in the fields of medical technology, computers/electronics, household appliances, automotive and office and measurement technology", according to a press release on the investment decision. Emper Bao, general manager of both the Chinese and German companies, says: "Frankfurt (Oder) offers ideal logistical conditions to get closer to our customers and deliver the products exactly as they are needed. The decisive factor was the professional support and the open manner in which we were received here. Frankfurt (Oder) is not a metropolis, but the people we have dealt with so far are internationally oriented and have shown great interest and attention to us." Astroenergy's parent, Chint Group, recently signed a letter of intent with political and business representatives of Zhejiang province for the construction of a European logistics centre for Chint on the grounds of the Astroenergy facility. Representatives from Zhejiang have visited Frankfurt (Oder), including the largest TV broadcaster from the Chinese province. The investment for the Chinese group is ***strategic***, as the country's New Silk Road project aims to increase connections to Europe and central Asia via railways and logistics terminals.

Something old, something new

A compelling argument can be made that no investment destination is complete without a university, preferably several. The European University of Viadrina, founded in 1506, has an interesting history. Its faculty was moved to present-day WrocAaw, Poland, in 1811 during the Napoleonic wars and the Frankfurt (Oder) buildings were shuttered. Also referred to as the University of Frankfurt (Oder), the campus reopened in 1991 and now is home to 6500 students from more than 90 countries. While one of the smallest universities in Germany, it works to show that, like its home city, size is not all that matters. Viadrina offers 24 study ***programmes*** and more than 20 international double degrees for both undergraduates and graduates, as well as foreign exchange and research partnerships with 263 universities around the world. The university was recently ranked among Germany's top six universities for business administration, and has a specific focus on European and international law, economics and culture. Having in past years won the first prize in the Innovationsbank Berlin think-tank university rankings, the small institution has shown itself to be one of the most promising universities for start-ups in the state of Brandenburg. "The Viadrina entered the competition with no less than 36 ideas for start-ups for the Berlina Brandenburg region, Germany and Europe, ranging from a learning aid app to services in childcare and solutions for sustainable, nutritionally aware catering," says the ICOB newsletter. And Viadrina's Centre for Entrepreneurship and Research provides guidance and support for start- ups, helping to ensure valuable talent stays in the city beyond graduation. "The university is growing, and a new faculty is preparing a German-Polish faculty, which means the university is making the location more and more international," says Frankfurt (Oder) mayor Mr Wilke. "We need more income and more taxes, and for that we offer a lot of advantages for companies. It's a win-win situation. We offer the surrounding s and the right circumstances and, on the other side, we hope for more growth and more jobs."

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**End of Document**



[***Register of Commission documents:The EU olive and olive oil sector: Main features, challenges and prospects Document date: 2017-09-14 EPRS\_BRI(2017)608690 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PX3-MST1-JDG9-Y367-00000-00&context=1516831)

Impact News Service

November 6, 2017 Monday

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Briefing September 2017 EPRS | European Parliamentary Research Service Author: Rachele Rossi Members' Research Service PE 608.690 EN The EU olive and olive oil sector Main features, challenges and prospects SUMMARY Large and intensive olive plantations or small traditional olive orchards, together with ancient olive groves and even monumental olive trees, some of which are 2 500 or 3 000 years old – all these are emblematic of the Mediterranean basin's landscape, cultural heritage and culinary traditions. Olive-based products are primary elements in the ***agricultural*** economy of the EU's southern countries, with about 5 million hectares of plantations and more than €7 000 million in production value every year. Although olive and olive oil prices have risen in recent years, turnover on individual farms depends on olive grove size and productivity levels, with the unit costs of production in traditional systems noticeably higher – and therefore less profitable – than in intensive and irrigated cultivation systems. EU ***producing*** countries account for 70 to 75 % of world production of olive oil and more than one third for table olives. EU legislation seeks to sustain and enhance this leading role, with a framework of rules on areas ranging from aid to ***producers*** to promotion initiatives, and from plant health to quality and marketing standards.

Economic forecasts point to increased production (especially in Spain) and demand from non-***producing*** countries, which will enhance the EU's leading role on the export market. The EU is a member of the International Olive Council, whose latest agreement establishing rules for the organisation of the international olive market is in the process of being adopted by the EU institutions. In this briefing:  Facts and figures about the olive and olive oil sector  The EU policy framework  Global setting: the International Olive Council  Challenges and prospects  European Parliament  Further reading EPRS EU olive and olive oil sector Members' Research Service Page 2 of 12 Facts and figures about the olive and olive oil sector Structural characteristics of EU farms with olive plantations A crop typical to the Mediterranean region, olive tree plantations are found in nine EU Member States: Greece, Spain, France, Croatia, Italy, Cyprus, Malta, Portugal and Slovenia. These countries total slightly under 5 million hectares of olive plantations, more than half of which are in Spain, and most of which are devoted to growing olives for olive oil production (only in Greece do table olives account for more than 10 % of olive groves).1 Farms specialised in olive plantations2 have most of their land covered by olive trees, with the remaining ***agricultural*** area used for cereals, permanent crops other than olives (such as fruit trees or vineyards), other crops, or fallow land (see Figure 1). According to Eurostat's data, there were about 1 509 000 farms with olive plantations in 2013.3 Among ***producing*** countries, Spain, Italy, Greece and Portugal account for the vast majority in terms of both hectares and farms with olive groves, as shown in Figure 2. Spanish farms have the largest average olive plantation size, reaching 5.8 hectares per farm in 2013, followed by Portugal with 2.8 hectares. All other countries have average plantation sizes smaller than 2 hectares per farm. These averages obviously result from widely varying plantation sizes. A closer look at the data shows that in Spain and Portugal more than 40 % of all oliveproducing farms have more than 20 hectares of olive plantations, while those countries' olive plantations are of an average size of 52 and 67 hectares respectively. In the rest of the ***producing*** countries, however, more than 90 % of farms have fewer than 5 hectares of olive plantations. This difference is also visible in the structure of the labour force across countries: while in Spain 17 % of people working regularly on farms specialised in olive production are non-family members, in the other ***producing*** countries this share stands at only 1 %, meaning that where small-size farms prevail, the latter tend to be smaller productive Figure 2 – Distribution of olive plantations in 2013 Data source: Eurostat, Farm structure survey, 2013. 53% 25% 22% 33% 17% 30% 8% 8% 1% 4% 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100% Hectares of olive plantations Farms with olive plantations Spain Italy Greece Portugal Others Figure 1 – Land use in EU farms specialised in olive plantations in 2013 Data source: Eurostat, Farm structure survey, 2013. 83% 6% 3%2% 6% Olive plantations Fallow land Cereals Permanent crops other than olives Other EPRS EU olive and olive oil sector Members' Research Service Page 3 of 12 units where family work is the sole or predominant form of work, as opposed to larger farms with salaried workers. In 2013, regular farm labour in farms specialising in olive production totalled about 1 300 000 people, 18 % of the overall 7 400 000 regular farm labourers in the nine ***producing*** countries. This share varies from 35 % in Spain to less than 1 % in France, Malta and Slovenia.4 Finally, this sector has on average smaller farms than other ***agricultural*** activities, with a difference between the overall average farm size and the average olive plantation size that totalled 57 hectares in France, 18 hectares in Spain and about 10 hectares in Portugal, Italy and Croatia in 2013, as shown in Figure 3. Economic results in EU farms specialised in olive oil production Previous figures help to describe a sector where many small-size traditional olive orchards – even ancient olive groves with monumental olive trees5 – cohabit with a few large and modern olive plantations that use irrigation, machinery (such as shakers), new plant varieties or intensive production methods to ***produce*** more at lower cost. A Commission report on olive oil specialist farm income in the three main ***producing*** Member States – Spain, Italy and Greece – reveals wide income discrepancies among these farms, mostly linked to the size of their olive groves and the productivity levels that they can reach, labour being a major cost item. As a result, while many farms in lower income classes make less than €5 000 a year per family work unit (and possibly carry out other gainful activities on the farm related to tourism, landscape, direct sales, etc., to complement their ***agricultural*** income and help to increase profit), a few olive oil ***producers*** in higher income groups can ***produce*** more than €30 000 a year per family work unit, with productivity (in terms of quantity ***produced*** per farm and per work unit) much higher than in smaller farms and considerably lower production costs per tonne. A study on olive oil production costs commissioned by the International Olive Council (IOC) arrives at the same findings, noting that the cost of obtaining one kilogram of olive oil from olive plantations in traditional systems (rain-fed on steep slopes) is noticeably higher than in intensive and irrigated cultivation systems; indeed, these latter have higher production costs per hectare but their higher production levels make the unit costs lower and thus the activity more profitable. Quantity and value of EU olive and olive oil production Olives and olive oil account for a major share of ***producing*** countries' ***agricultural*** output. Especially in Greece and Spain where it represented more than 10 % of ***agricultural*** output and more than 15 % of crop output in 2016, as compared with cereals which represented 9 % and 13 % respectively.6 With slightly less significant shares, the output value of olives and olive oil is also important in Portugal, Italy, Cyprus and Croatia. Figure 3 – Average olive plantation size versus average farm size in 2013 Data source: Eurostat, Farm structure survey, 2013. 0 10 20 30 40 50 60 Average olive plantation size Average farm size EPRS EU olive and olive oil sector Members' Research Service Page 4 of 12 Average annual olive yield is between 2 000 and 2 500 tonnes per hectare. This variation is the result of factors affecting harvested production, such as the alternation of good and poor harvests or climate conditions, not to mention different cultivation systems. Spain and Italy have higher yields than the other ***producing*** countries. A trend analysis shows increased yields in Spain (and Portugal) and decreased yields in Italy (and other ***producing*** countries), as shown in Figure 4. According to Eurostat's data, EU olive production reached 10 908 000 tonnes7 and an output value of €2 255 million8 in 2016. The quantity of olive oil ***produced*** in the EU in the marketing year 2016-2017 – as per Member States' declarations to the Commission – adds up to more than 1 740 000 tonnes, of which 74 % ***produced*** in Spain and 22 % divided almost equally between Greece and Italy. The value of olive oil production reached almost €5 000 million in recent years, about 80 % of which was recorded in Spain and Italy; lower production values were measured in 2013 in Greece and Spain and in both 2013 and 2014 in Italy. This level of production is lower than in the previous year (above all for Italy, with a decrease of more than -60 %) but appears in line with the cyclical production levels registered in the EU in recent years, as shown in a Commission dashboard for the olive oil sector. However, as pointed out in the Commission's shortterm ***agricultural*** outlook of July 2017, the likelihood of maintaining or even increasing average production levels is strongly dependent on weather conditions, as extreme events, such as continuing drought conditions and heat waves throughout southern Europe, are threatening the productive potential of the next harvest. EU olive and olive oil prices Together with the obvious balance between supply and demand, other factors influence the selling prices of olives and olive oil: their quality, the organisation of the value chain, consumer preferences and production organisation (e.g transforming olives into olive oil on site or in mills owned by a farmers' cooperative, or selling olives to big mill operators). According to Eurostat's price statistics for olives and olive oil, selling prices for table olives have increased over the years, ranging from less than €60 per 100 kg in Portugal and Malta to more than €200 in Greece in 2016. Olive oil prices have also increased and vary a lot depending on the oil category, with extra-virgin oil having the higher prices, ranging from more than €300 per 100 litres in Spain, Greece and Portugal, to more than €500 in Italy in 2015, with minor ***producing*** countries Croatia and Slovenia registering up to double the price of the main ***producing*** countries.9 EU international trade in olives and olive oil The most recent world figures for olive oil and table olives published by the IOC on production, imports, exports and consumption, indicate that EU ***producing*** countries account for 70-75 % of world production of olive oil and more than one third for table olives. These countries are also the main consumers, exceeding half of world consumption of olive oil and one quarter for table olives, with Greece ranking first in percapita consumption of olive oil and Spain for table olives. Although olive oil production Figure 4 – Average annual olive yields in the EU Data source: Eurostat, Crops statistics, 2000-2002 and 2014-2016. 2.000 2.500 3.000 Average 2000-2002 Average 2014-2016 Spain Italy All ***producing*** countries EPRS EU olive and olive oil sector Members' Research Service Page 5 of 12 levels ensure EU self-sufficiency, this does not preclude trade with third countries and a leading role for the EU on the international market, with 541 000 tonnes of average yearly exports (two thirds of world's exports) and 121 000 tonnes of average yearly imports (15 % of world's imports) over recent years, according to the above-mentioned IOC world figures. Meanwhile, the EU's share when it comes to table olives stands at 44 % for exports and 16 % for imports. The Commission's recent olive oil trade statistics show that EU exports are directed principally to the USA, but also to Japan, China, Canada, Brazil and Australia, while imports come mostly from Tunisia, but also from Morocco and Syria. The main destinations for imports are Spain and Italy, with the latter also being by far the main destination for intra-EU imports, mostly originating in Spain, as shown in the Commission's olive oil balance sheet. Qualitative characteristics of EU production of olives and olive oil All over the Mediterranean region olive trees offer olives that vary in size, colour, oil content, taste and texture. Depending on local habits, climate conditions and the final destination of the production, the olive harvest occurs at different stages of their ripening and by means of more traditional picking methods or mechanical harvest. These factors influence the quality of the product, be it olive oil or cured olives for table consumption. Organic production is usually associated with high quality products. Although the share of organic over conventional farming is still low, a recent Commission report on organic farming shows that olive groves represented more than one third of all organic permanent crops in 2015 and that they mostly ***produced*** olives for olive oil production; also, the number of hectares of organic olive groves have noticeably increased in recent years, especially in Spain and Italy. One quality-guarantee system in olive production involves the adoption of integrated production protocols, to maintain healthy production over time by managing resources in an economically, environmentally and socially sustainable way, taking into account experience and knowledge of the specific farming activity. An external Commission study on support for farmers' cooperatives shows that in the olive sector these systems are also implemented through ***producers***' cooperatives whose members sign contracts that penalise non-compliance with certified agronomists' instructions. Like olives, olive oils have different qualitative aspects and characteristics. Legislation defines olive oil characteristics and requirements for its marketing, both for regulatory purposes and to the benefit of ***producers*** and consumers (see Box 1). Acidity is one of the parameters that determine the quality of olive oil, with lower acidity level indicating higher quality (e.g , the maximum level of acidity is established at 0.8 % for extra virgin olive oil and at 2.0 % for virgin olive oil). As olive oil is recognised as a quality product and an important element of a healthy diet, maintaining high quality standards is a key factor in increasing consumer confidence in both the EU and third countries. In this respect, EU quality labels showing protected designation of origin (PDO) and protected geographical indication (PGI) have already been registered for roughly 120 Box 1 – Oils marketable at retail stage Olive oils that can be marketed at the retail stage are the following: – Extra virgin and virgin olive oil, obtained from the fruit of the olive tree solely by mechanical or other physical means; – Olive oil, obtained by blending refined olive oil and virgin olive oil other than lampante (not fit for consumption as it is, intended for refining or for technical use); – Olive-pomace oil, obtained by blending refined olive-pomace oil and virgin olive oil other than lampante. Source: Annex VII, part VIII to Regulation (EU) No 1308/2013 EPRS EU olive and olive oil sector Members' Research Service Page 6 of 12 different types of olive oil, more than 40 of which are ***produced*** in Italy, about 30 each in Spain and Greece, and the remainder in France, Portugal, Slovenia and Croatia. A Commission economic analysis of the EU olive oil sector and IOC data published in the country profiles show that while in Spain olive oil production is almost equally distributed between extra virgin and virgin olive oil, in Italy it is extra virgin production that prevails, although the share of extra-virgin, virgin or other types of olive oil may change year on year owing in particular to climatic conditions. The EU policy framework EU action ***plan*** for the olive oil sector In June 2012, the Commission presented an action ***plan*** for the EU olive oil sector to the Council's ***agriculture*** configuration, with the objective of strengthening the sector's competitiveness, taking advantage of the widely-recognised image of olive oil as a quality product.10 The action ***plan*** indicated the following six areas of action, which are now mostly covered by various instruments under the common ***agricultural*** policy (CAP) 2014- 2020:  quality and control, with measures relating to the safeguard of olive oil quality by improving controls, methods of analysis and marketing standards;  action to restructure the sector, also involving rural development (RD) measures;  industry structure, with action aiming to reinforce ***producers***' organisations (also using RD support), which are widespread in some but not all ***producing*** countries, such as Spain and Greece, but are generally too small compared with other actors in the food chain;  promotion, to improve the image of the product, stimulate its consumption and conquer markets in third countries, mostly taking advantage of the revised EU promotion policy but also finding synergies between different measures, such as those financed by the EU and the IOC;  support for the IOC and the international agreement on olive oil and table olives;  competition with third countries, where the EU should support respect for the quality parameters established within the IOC and oppose any measure by third countries that could present a technical barrier to trade. Single common market organisation The olive oil and table olive market is covered by Regulation (EU) No 1308/2013 (the CMO Regulation). Its single common market organisation (CMO) provisions regulate EU ***agricultural*** markets and provide policy tools to help improve their functioning. In addition to the general provisions, rules on the areas listed below can apply specifically to the olive and olive oil sector for the products listed in Annex 1, Part VII to the regulation:  aid for private storage (Articles 17 and 18), which may be granted to private operators for product storage in case of difficult market situation;  aid in the olive oil and table olive sector (Articles 29 to 31), implemented through the financing of three-year work ***programmes*** drawn up by recognised ***producers***' organisations for action in areas such as marketing, traceability and improvement of environmental impact, competitiveness and production quality in the sector EPRS EU olive and olive oil sector Members' Research Service Page 7 of 12 (the detailed list of measures eligible for EU funding is set out in Article 3 of Commission Delegated Regulation (EU) No 611/2014);  marketing standards (Article 75), set out in Commission Implementing Regulation (EU) No 29/2012, which covers issues such as labelling rules and packaging capacity, plus the monitoring of the application of the rules by a watchdog in each Member State;11  definitions, designations and sales description (Article 78), defined in Commission Regulation (EEC) No 2568/91 and its successive amendments, on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis;  recognition of ***producers***' organisations (Articles 159) and interbranch organisations (Article 162) and rules on contractual negotiations by ***producers***' organisations on behalf of its members (Article 169);  import and export licences (Article 176) that can be issued to applicants by EU Member States and tariff quotas (Article 184) that can be opened by the Commission, such as in the case of the import quota for Tunisian olive oil for release into free circulation in the EU at a zero duty rate of an annual amount of 56 700 tonnes (see Commission Regulation (EC) No 1918/2006), plus an additional temporary amount of 35 000 tonnes for 2016 and 2017 to support Tunisian economy following the terrorist attack of June 2015 (see Commission Implementing Regulation (EU) 2016/605). Direct payments – voluntary coupled support Direct payments are a form of income support granted to EU farmers on a per-hectare basis, independently of the production of a specific product. In addition to this basic support scheme, Member States may grant voluntary coupled support linked to production in the olive oil sector that may be undergoing difficulties, under conditions laid down in Article 52 of Regulation (EU) No 1307/2013. Only Italy has opted for this voluntary scheme, with an overall amount of more than €400 million for the years 2015 to 2020. Rural development measures Several measures introduced by Regulation (EU) No 1305/2013 on support for rural development can assist the olive and olive oil sector, whether directly targeting this farming activity or by addressing general ***agricultural*** and rural issues closely related to it. Among the first type of measures, the possibility for the Member State to include thematic sub-***programmes*** (Article 7) in rural development ***programmes*** (to address the needs of areas of particular importance, or of ***agricultural*** sectors that have a strong impact on the development of rural areas) is a new feature of the rural development policy framework for 2014-2020 and has been used for the olive oil sector in the rural development ***programme*** of Andalusia (Spain). Other ***producing*** regions have addressed the needs of the sector by shaping their measures under the general rural development priorities. This includes ***planned*** support for investment for the prevention of damage caused to olive trees by Xylella fastidiosa (see Box 2, next page) in the rural development ***programme*** of Puglia (Italy), as part of the measures under Priority 3 on promotion of food chain organisation, animal welfare and risk management in ***agriculture***. Olive and olive oil farms can also benefit from other rural development measures that have a broader scope but address important issues for the sector. In addition to ***strategic*** EPRS EU olive and olive oil sector Members' Research Service Page 8 of 12 support for investment in assets, innovation and business development, it is also worth mentioning support granted to participate in quality or certification schemes for ***agricultural*** products and foodstuffs (Article 16), to facilitate the setting up of ***producers***' groups (Article 27), to carry out agri-environment-climate commitments on ***agricultural*** land (Article 28), to convert to or maintain organic farming practices and methods (Article 29), and to make financial contributions to farmers for insurance premiums and mutual funds with the risk management tools (Articles 36 to 39). Promotion of EU farm products Olives and olive oil are eligible for promotion initiatives in the EU and third countries through the promotion policy laid down in Regulation (EU) No 1144/2014. The Commission defines the ***strategic*** priorities and available budget for promotion initiatives in an annual work ***programme*** and publishes calls for proposals for its implementation. The overall co-financing budget for 2016 was €111 million, with table olives and olive oil being part of several campaigns; the 2017 budget amounts to €133 million, with ***plans*** for this figure to increase in the coming years. Disease control in olive tree Council Directive 2000/29/EC provides the basis for protecting EU plant health from the introduction or spread of harmful organisms within Union territory. When such harmful pests and diseases are detected, further ad hoc legislation intervenes to regulate control and emergency measures.12 One recent example are EU emergency measures set by Commission Implementing Decision (EU) 2015/789 and successive amendments, following the outbreak of Xylella fastidiosa (see Box 2) in Southern Italy, where since 2013 the disease has been attacking olive groves in Puglia, the biggest ***producer*** of olive oil among Italian regions. The emergency measures include action to combat the disease in the so-called demarcated areas (i.e infected and buffer zones), by removal of infected plants or containment of the bacterium by other means when removal is impossible, to prevent its further spread and to avoid further introduction from infected third countries. Furthermore, with Commission Implementing Decision (EU) 2015/2417, Member States were requested to set up contingency action ***plans*** in the event of confirmed or suspected presence of the bacterium and campaigns to raise the awareness of the general public, travellers, professionals and international transport operators regarding the threat for EU territory. In 2015, the French authorities reported an outbreak of Xylella in France, where the bacterium attacked ornamental plants in the regions of Corsica and Provence-Alpes-Côte d'Azur, requesting the implementation of surveillance and containment measures. At the end of 2016, the Spanish authorities reported the presence of Xylella in Spain, affecting a number of fruit and ornamental plants; the whole territory of the Baleares islands was declared a demarcated area in January 2017. However, the most critical situation remains that in the region of Puglia, where after a difficult start, the implementation of emergency measures has led to the eradication of many infected olive trees and also healthy ones within one hundred metres of the infected plants. To compensate olive ***producers*** for the damage and costs related to these measures, resolution 240 of 13 June 2017 of the Box 2 - Xylella fastidiosa Xylella fastidiosa is a plant bacterium that causes various diseases and can lead to plant death. In addition to the olive tree, nearly 300 other plants species are vulnerable to the bacterium, which lives in the plant tissue and is spread by bugs. In October 2013, Xylella fastidiosa was reported for the first time on Union territory by Italian authorities, in relation to olive groves in the Puglia region. The high risk of the bacterium spreading across Union territory in potential host plants has led the EU to take monitoring and emergency measures. Source: European Commission website EPRS EU olive and olive oil sector Members' Research Service Page 9 of 12 Regional Council of Puglia establishes an aid scheme for ***agricultural*** holdings that have had to destroy Xylella-infected plants following the removal order. Compensation to farmers for the loss of revenue as a result of the eradication measures, as well as stronger control measures to prevent the spread of the bacteria within the EU and avoid entrance of infected plants into the EU, were also requested in the European Parliament resolution 2015/2652(RSP) on the outbreak of Xylella fastidiosa affecting olive trees. The resolution called upon the Commission to improve scientific knowledge on the disease. In this respect, an ongoing multidisciplinary research project financed by the EU framework ***programme*** for research and innovation, Horizon 2020, (for a total cost of €7 064 125, of which the EU contribution is €6 903 000), is aimed at improving prevention, early detection and control of Xylella fastidiosa. Global setting: the International Olive Council The International Olive Council (IOC) is an intergovernmental organisation originally founded in 1959 under the auspices of the United Nations as the International Olive Oil Council (IOOC), with headquarters in Madrid (Spain). Membership is open to governments of states or international organisations with responsibilities in the negotiation of international trade agreements; this is why the EU (rather than individual EU countries) is an IOC member, together with all the world's main olive and olive oil ***producing*** countries. The functioning of the IOC (as it is called as from 2006) is based on an international agreement that establishes it as the body empowered to perform the functions necessary to achieve the agreement's objectives. Its members contribute to financing the IOC structure, composed of the Chair and the Executive Secretariat, and all the activities aiming to contribute to the sustainable and responsible development of olive growing. Among other activities, the IOC encourages the development of international trade by working and providing a forum for discussion and cooperation on standardisation and on research and technology transfer. As for standardisation, the IOC sets trade standards for olive and olive pomace oils and for table olives; these standards define names, definitions and requirements for the various types of product, by which IOC members – including the EU – are bound. The International Agreement on Olive Oil and Table Olives, 2015 is the sixth agreement concluded in almost 60 years of existence of this international framework for regulating the olive and olive oil sector. Concluded in June 2015 and signed so far by 13 parties, plus the newly acceded State of Palestine following its ratification of the agreement in April 2017 (see Table 1, above), the agreement entered provisionally into force on 1 January 2017, while ratifications continue according to members' legislative procedures. The agreement is open to other participants and will remain in force until 31 December 2026. A Commission news release published after the conclusion of the negotiations presents the new agreement as the basis for a more efficient organisation Table 1 – 6th IOC agreement signatories Participant Signature Algeria 25 October 2016 Argentina 23 December 2016 European Union 18 November 2016 Iran (Islamic Republic of) 30 December 2016 Israel 29 December 2016 Jordan 22 December 2016 Lebanon 2 December 2016 Libya 29 December 2016 Montenegro 23 December 2016 Morocco 27 July 2016 State of Palestine 9 April 2017, accession Tunisia 23 September 2016 Turkey 14 September 2016 Uruguay 18 October 2016 Source: United Nations Treaty Collection. EPRS EU olive and olive oil sector Members' Research Service Page 10 of 12 of the international olive market, with positive changes to the functioning of the IOC and with a view to paying more attention to the involvement of importing countries. Challenges and prospects Main challenges faced by the sector Grown in the Mediterranean area since ancient times, olive groves have shaped the rural landscape of many EU regions. Beyond their productive value, they can also constitute a rural tourist attraction with the presence of ancient olive trees or outstanding olive plantation landscapes. Their main product, olive oil, is widely recognised as being an icon of Mediterranean cuisine and as being healthy. Consumption has therefore increased in non-***producing*** countries all over the world and the EU is the world's main exporter, as well as being the main consumer market. Nevertheless, the sector is facing challenges that need to be addressed if it is to avoid disruptive effects on its future development. A primary challenge, also common to other ***agricultural*** activities, is the pace of farm structural development into a more efficient and modern production system. This is often linked to the idea of increasing farm size and introducing mechanisation in the production processes. This evolution has taken place in parts of Spain and Portugal, while in general production systems remain very traditional and cohabitation between large and modern and small and traditional productive units is typical. Nevertheless, a Spanish research article on the sustainability of olive tree cultivation notes that transforming traditional olive orchards into more intensive olive plantations is not a one-size fits all solution. This can be owing to the characteristics of the ***producing*** areas (e.g a fragile environment or significant slope), production methods (e.g traditional harvesting is preferred

to avoid damaging olives), or the trees themselves (e.g being a perennial permanent crop causes rigidity in adaptation to new productive schemes). This is why researchers suggest that the sustainability of olive production should not rely on production intensification in bigger farms only, but more on innovative harvesting solutions, new cultivars or better pest management, in order to grow olive orchards that are more profitable – and less exposed to market volatility – in smaller productive units too. The olive oil market can fluctuate for several reasons, such as the cyclical alternation of good and poor harvests or the timespan before new plantations become fully productive. Other factors are less predictable and potentially more disruptive, such as extreme weather conditions or a plant disease outbreak. These elements create a highly volatile market, which means that ***producers*** are confronted with unstable prices and revenues and thus reduced capacity of investment ***plans*** for the upkeep of their olive plantations. A recent EPRS briefing analyses the risk-management instruments available for farmers under the CAP. The current debate on the future of EU ***agriculture*** policy is meanwhile focussing on their development as tools to address the challenges linked to volatility. Another area of concern relates to marketing standards and trade. To prevent loss of consumer trust in the image of olive oil as a high quality product, a continuous effort is needed at EU and national level to set and implement appropriate rules and measures against food fraud. Indeed, olive oils are subject to regular monitoring and control to prevent fraud, especially in the category of extra virgin olive oils. To give an example, in its 2016 activity report the Italian watchdog for foodstuffs and ***agricultural*** products reports almost 7 000 controls on oil (second only to wine products), resulting in 193 seized products, for a total seizures value of more than € 1 150 000. These seizures are the consequence of infringements such as olive oil being falsely classified as extra virgin, organic or 100 % Italian, being obtained by mixing oils ***produced*** elsewhere, EPRS EU olive and olive oil sector Members' Research Service Page 11 of 12 belonging to the lampante category, carrying misleading designation of origin labels, or being subject to irregular recordkeeping. The EU also plays an important role in defending its products on the international market, in the framework of the IOC, for issues linked to the sector's products, and of World Trade Organization agreements, in cases of disputes on the application of commercial rules. One recent example is the US authorities' investigation of Spanish olive ***producers***, following alleged dumping practices against US ***producers***, on which a parliamentary question was addressed to the Commission on 14 July 2017. Economic prospects and innovation According to the Commission's latest medium-term ***agricultural*** outlook, the economic forecasts for the sector up to 2026 point to increased production in Spain (where the Commission's estimates show considerable growth of irrigated olive groves in the coming years) by about 10 %, and a less dynamic trend in Greece (+2 %) and Italy (-1 %). In these three main ***producing*** countries consumption trends should experience a certain stabilisation or minor decrease, largely offset by increased consumption in non-***producing*** countries inside and outside the EU. This is the trend that has characterised recent years, according to the Commission's short-term ***agricultural*** outlook of July 2017. As regards international trade, the outlook for 2026 is a considerable reinforcement of the EU's leading role in exports (+45 % over the period) and a possible increase in imports from non-EU Mediterranean countries. These predictions could be proved correct, especially if ***producers*** satisfy EU and world demand by offering the high quality expected from their products.13 In this respect, the EU is financing research and innovation work into new techniques so as to achieve more efficient and sustainable growing systems, better treatment of diseases and pests such as olive fruit fly, etc. By way of example of the many EU-funded research projects, it is worth mentioning a 2010 Commission report that describes EU projects focussing on cultivation practices designed to improve environmental performance in the olive oil sector. Earlier still, an olive growers' demand-driven research project initiated in 1979 resulted in large-scale adoption of integrated pest management innovation in Italian olive groves. More recently, besides the above-mentioned multidisciplinary research project on prevention, early detection and control of Xylella disease, another Horizon 2020 project seeks to improve the way olive oil quality and authenticity is guaranteed, by detecting and preventing fraud. Other projects funded by the rural development ***programmes*** meanwhile also address olive sector issues. Take for instance the innovative composting technique developed in a Spanish organic olive oil cooperative, which turns a polluting by-product (olive cake) into green fertiliser, or the innovative filtering prototype for olive oil production developed by an Italian olive oil mill enterprise in partnership with a university, chamber of commerce and private companies. European Parliament The Commission negotiated the new IOC agreement between 2013 and 2015 and signed it on behalf of the EU on 28 November 2016 in accordance with Council Decision (EU) 2016/1892. A Commission proposal published on 1 June 2017 proposes that the Council should proceed with the next steps in order to show the EU's consent to be bound by the agreement and empower the Commission to draw up the positions to be adopted in the IOC as regards any amendments to the designations and definitions of oils and table olives, ensuring that these positions are in the interests of the EU, serve its trade policy objectives, and are not contrary to EU or international law. Under the consent procedure, EPRS EU olive and olive oil sector Members' Research Service Page 12 of 12 a Parliament non-legislative enactment is required for the Council to adopt the act. The legislative file 2017/0107(NLE) has been assigned to the Committee on International Trade (INTA), rapporteur Eleonora Forenza (GUE/NGL, Italy), and for opinion to the Committee on ***Agriculture*** and Rural Development (AGRI), rapporteur Ivan Jakovčić (ALDE, Croatia). Further reading Olive oil sector key sources, EPRS Blog, November 2014. Endnotes 1 Data on area, production and yield, extracted and processed from Eurostat's crop statistics in July 2017. 2 According to the EU typology of ***agricultural*** holdings set out in Annex IV to Commission Implementing Regulation (EU) 2015/220, a farm is considered a specialist in olive plantations, if the standard output obtainable from olive plantations is more than two thirds of the farm's total standard output. The standard output of an ***agricultural*** product (a hectare of crop or a head of livestock) is the average monetary value of the output potentially obtainable from that product at farm-gate price. 3 Data on farms with olive plantations, extracted and processed from the Eurostat Farm structure survey in July 2017. 4 Data on farm labour, extracted and processed from the Eurostat Farm structure survey in July 2017. 5 One example is the 2 500 to 3 000 year-old monumental olive tree of Vouves, on the Greek island of Crete. There are also many olive groves with centuries-old olive trees. 6 Data on olives and olive oil production value, extracted and processed from the Eurostat Economic accounts for ***agriculture*** in July 2017. 7 See endnote 1. 8 See endnote 6. 9 Data on olives and olive oil prices, extracted from the Eurostat ***Agricultural*** price statistics in July 2017. As these statistics are based on voluntary data collection and delivery by the Member States, data for some years or products may be missing. 10 The action ***plan*** was welcomed by COPA-COGECA, which addressed further points in their 2012 proposals on the action ***plan*** for the EU olive oil sector, mostly on issues related to quality, promotion, structure of the sector and international competition. 11 Although for the verification of compliance with the CMO rules a control system is already in place, recently adopted Regulation (EU) 2017/625, repealing current legislation on official controls (Regulation (EC) No 882/2004) as of 14 December 2019, introduces other rules on checks and penalties related to marketing rules in order to tackle fraudulent practices in the EU food industry. 12 In May 2013, the Commission proposed new EU plant health legislation: Regulation (EU) 2016/2031, voted by the Parliament in October 2016 and repealing Directive 2000/29/EC as of 14 December 2019. 13 Although of overall minor economic importance, olive-derivate products also include healthcare products and cosmetics. 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**Load-Date:** November 8, 2017

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[***-Itronics Reports 78 Percent Sales Increase in Fourth Quarter and a 29 Percent Increase for 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RHM-D541-F0K1-N06N-00000-00&context=1516831)

ENP Newswire

January 29, 2018 Monday

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**Body**

RENO - Itronics Inc. (OTC: ITRO), a diversified fertilizer and silver ***producing*** green technology Company, today summarized its operations and diversification progress and announced total fourth quarter sales increased 78 percent on a 39 percent increase in fertilizer sales, and a 7,815 percent increase in silver sales.

Full year sales increased 29 percent on a 20 percent increase in fertilizer sales, and a 5,138 percent increase in silver sales.

Total Revenues for the three months ended December 31, 2017 were $ 419,038 compared to $ 235,945 in the same period in 2016. Total Revenues for the full year ended December 31, 2017 were $ 1,850,379 compared to $ 1,439,878 in the same period in 2016, a 29 percent increase.

The year 2017 marked transition for Itronics during which the Company's new five times scale up pilot leaching reactor was started up and the Company succeeded in getting its breakthrough e-scrap refining process operational. The start of e-scrap refining marks the beginning of Phase III of the Company's e-scrap refining study which began in 2015. Silver sales are starting to provide an expanding non-seasonal sales component to mitigate the seasonality and weather influenced variability of GOLD'n GRO fertilizer sales.

Now that test refining of e-scrap has begun, the Company is expecting silver sales to make a significant contribution to total sales in 2018. Growth in GOLD'n GRO fertilizer sales in 2018 will expand total sales even more.

A bullion shipment and a shipment of silver-copper bearing glass were settled in the third quarter, and two shipments were settled in the fourth quarter 2017. Sale of the glass completes proof of concept for the breakthrough e-scrap refining process and validates that the e-scrap can be completely converted to saleable products and thereby eliminated from the environment. Itronics has now proven its second 'zero waste' technology and non-seasonal silver product sales are expanding.

Eighteen months ago the Company ***produced*** its first 1.5 ounce button of Silver bullion from e-scrap. Recently the refinery poured its first 500 ounce bar of silver bullion from e-scrap and has since made a shipment of 500 ounce bars to its finish refiner which will be settled in the first quarter.

In 2017 the prices of copper, zinc, silver, gold, and palladium increased sharply, in some cases to multi-year highs. Many forecasters are predicting that gold and silver prices will significantly increase from current levels. Copper and tin are at multi-year highs. The Company is now ***producing*** silver bullion that contains silver, gold, palladium, copper and tin and expects to benefit significantly as production is expanded and metal prices continue to increase.

In the first quarter of 2017 the Company's subsidiary, Whitney & Whitney, Inc., staked 28 lode claims at the Fulstone Project to expand coverage of the high-grade zinc anomaly it announced in early 2015. A new confidential project report was prepared, and based on discussions intended to identify a joint venture development partner for the Fulstone Project an update of this report was being prepared at year-end with completion scheduled for January 2018. The updated report identifies five target areas and recommends a 10-hole investigative drill ***program*** consisting of two drill holes for each target area.

In the second half of 2017 the Company conducted a detailed preliminary investigation to determine if the new KAM-Thio technology would be able to leach residual silver and gold and eliminate the residual cyanide from ore that had been leached with cyanide. On October 17, 2017Comstock Mining Inc. announced that it was working cooperatively with Itronics on this project. Itronics summarized preliminary results of this work in a press release on December 19, 2017. The results were very encouraging and the investigation is expected to be continued in 2018.

The Company continues to receive and review inquiries and expressions of interest in participating in developing one or more of its 'Zero Waste' technologies.

Operational Developments

The Company is diversifying and further integrating its operations by developing a portfolio of core breakthrough 'zero waste' technology extensions to establish year-round non-seasonal sales in new markets and ***produce*** internally generated raw materials for use in the GOLD'n GRO fertilizers. The Company's ***plan*** is to operate its technologies and to expand the scale of operations as funding and market conditions permit.

In September the City of Reno issued a new five-year 'zero discharge' operating permit for the Company's factory in Stead, Nevada. The new permit includes requirements to be met for obtaining an additional five-year operating permit for the manufacturing and research & development operation. The Company owns and has been operating at its Stead location for 17 years and is pleased to have the continued support from the City of Reno for its operation and expansion ***plans***.

Nevada is continually showing that it is a business-friendly state with well-known tech companies including Apple, Google, and Tesla moving to northern Nevada. The influx of new and the expansion of existing manufacturing companies in northern Nevada has ***produced*** a significant increase in land values. The Company's manufacturing plant in Stead, Nevada is a major asset and is strategically located near a rail siding, which is next to the Reno-Stead Airport, and has significantly increased in value over the past year. We expect this property to continue to increase in value because of the influx of large tech manufacturing and distribution companies in northern Nevada.

GOLD'n GRO fertilizers. The Company's hydromet processing is now recovering iron and sulfur for use as raw materials for manufacturing GOLD'n GRO micronutrient zinc fertilizers. Elemental sulfur is also being ***produced***. The elemental sulfur is being evaluated to determine its best use as a raw material or product going forward.

In March 2017Itronics announced that its goal for minimum stable storage of four years for its GOLD'n GRO micronutrient fertilizers has now been demonstrated to exceed eleven years, which opens up national and international sales opportunities. The Company's current sales are regional in the California markets.

GOLD'n GRO micronutrient liquid zinc fertilizer is now stable enough so that a customer from anywhere in the world could purchase the fertilizer, ship it a long distance, hold it in a warehouse until needed, and then use it or distribute it to farmers or farm retailers for seasonal needs.

A potential customer can justify purchasing GOLD'n GRO in larger quantities for use over more than one fertilizer season due to freight cost savings that greatly exceed the interest cost of the funds used to make the purchase. The freight savings make this a profitable transaction for United States based customers, both distributors and growers. The Company believes that this interest cost savings compared to shipping cost would apply to foreign purchasers as well.

In May 2017 the Company placed a consumer fertilizer, GOLD'n GRO 6-3-9+4% Sulfur, for retail sales through Buy Nevada First Gift Shop, located at 4001 S. Virginia St. in Reno. The fertilizer is a plant food for use on house plants and garden plants and has been generating on-going sales. Due to the enthusiastic customer response to this fertilizer, the Company has added a lawn fertilizer, GOLD'n GRO 20-1-7+3% Sulfur, to this retail offering. This fertilizer is for lawns and can be used for fertilization from early spring to late fall. The Company started this retail ***program*** in response to many northern Nevada customer requests.

In 2016 The Company identified a potential new environmental benefit that may be obtained by using GOLD'n GRO fertilizers to reduce the uptake of cadmium from the soil by vegetable crops.

The Company's distributor performed field tests in 2016 that demonstrated that two of the GOLD'n GRO fertilizers, when applied together, are able to reduce cadmium uptake from high cadmium content soil by broccoli and romaine lettuce to a level of 'non-detect' in harvestable plants. Two application approaches have been identified to reduce cadmium soil availability to the plants. The Company is providing support for field testing on spinach to further develop this new technology.

Silver Production. The Company has begun a fourth refining campaign which includes incorporating ground up personal computer circuit board scrap (e-waste) to provide quantitative data that is being used to evaluate the feasibility of refining e-scrap to recover its silver, gold, palladium, copper, and tin content. This work is on-going and is now ***producing*** silver bullion and silver-bearing glass. This production is non-seasonal and will increase Itronics sales as production continues and expands in 2018 and future years.

The FeLix, SuLix leaching technology pilot operation five times scale up is fully operational for use for batch leaching. It is being used as a pilot-scale batch operation to separately leach iron and sulfur from the low grade silver concentrate ***produced*** by the Company in its photoliquid desilvering operation.

The leaching recovery process is being expanded into three separate processes. Separation of iron in liquid form, separation of sulfur in liquid form, and separation of elemental sulfur. The residue that remains after the three process steps is a high grade silver concentrate which is delivered to the silver refinery for use in e-scrap refining.

Now that e-scrap refining is underway, the Company ***plans*** to focus on expanding the FeLix, SuLix hydromet pilot plant and improving its operational efficiency in 2018.

E-scrap processing feasibility study. In the second quarter 2015 Itronics announced that it had started a feasibility study to determine whether e-scrap (personal computer circuit boards) processing can be integrated into the new refining operation. The Company is gathering quantitative processing information to determine the operating parameters needed to expand the operation to recover commercially meaningful amounts of copper, silver, gold, palladium, and tin from e-scrap.

The Company's ***strategic*** joint venture with Disability Resources New2U Computers, which employs people with disabilities, is providing a reliable supply of circuit boards that have been stripped to the Company's specifications for processing. The Company has entered into an agreement for sales of its silver bullion, and a separate agreement for sales of its silver-copper bearing glass. With these agreements in place, the financial terms are known and sales can be increased as production expands.

Improvements to the refining operation were made to increase per melt production from the furnaces by 35 percent in the fourth quarter. ***Plans*** are being implemented to further expand per melt production approximately an additional 40 percent in the first quarter 2018 by adding an e-scrap grinder to the operation. Further production expansion using the existing furnaces may be achievable as more operating experience is gained.

Research into availability of e-scrap in northern Nevada has identified a large enough supply of circuit boards (e-scrap) to support a 100 times increase in the Company's pilot scale e-scrap refining operation. The Company has now begun ***planning*** to expand the pilot operation in stages, by adding more furnaces, to increase the capacity of the operation by at least 100 times.

In 2017 the Company began Phase III of this study which is to operate the refining process on a pilot scale. The objective of Phase III is to optimize the new refining process and to develop enough operational knowledge so that a ***plan*** for expansion to larger scale commercial scale operation by adding more and larger furnaces can be developed.

KAM-Thio Process Development. The KAM-Thio technology is being developed by using one of the already proven and field tested GOLD'n GRO fertilizers. Development of this technology is expected to add non-seasonal chemical sales to the silver/gold mining industry, and possibly for use in other industries for cyanide neutralization.

Laboratory tests conducted by the Company have demonstrated that KAM-Thio has the ability to leach silver from the silver bearing glass slag generated by the Company's silver refinery. The tests have also demonstrated that KAM-Thio liquid is stable in the leaching application. Independent laboratory tests have demonstrated that KAM-Thio is able to neutralize the cyanide contained in spent cyanide solution generated by gold-silver leaching.

The amount of KAM-Thio required to neutralize cyanide is in a range appropriate for leaching gold and silver from ore. The Company began to evaluate this on cyanide leached ore samples in the second half of 2017 using samples provided by Comstock Mining Inc. from its Virginia City operation. The bulk of the analytical work needed to measure silver and gold in all test samples is being performed by an independent laboratory. The work is on-going and an understanding of how KAM-Thio works on cyanide leached silver/gold ore is being developed. The Company's ***plan*** is to perform similar tests on samples of unmined ore to determine if the KAM-Thio technology can replace cyanide at the Virginia City mine.

The Company's ***plan*** is to introduce and operate the KAM-Thio technology through licensing joint ventures with mining companies that have suitable silver/gold deposits and leached mine tailings that need remediation. Study of the requirements to actually use KAM-Thio leaching at a mine site indicates that a recovery system consisting of leaching followed by metal recovery will have to be developed. The new processing system will include neutralization of residual cyanide in the ore that is being treated making this a revenue ***producing*** environmental remediation process that is non-seasonal.

Zinc Flue Dust Process Development. An Itronics press release dated March 17, 2015 announced a technical breakthrough by successfully testing electrowinning as a process to recover metallic zinc powder from zinc enriched liquids that are ***produced*** by leaching zinc oxide from zinc bearing flue dust. The innovative zinc recycling technology Itronics is developing is expected to eliminate the waste completely by converting all components to saleable goods (a new 'Zero Waste Technology). The process being developed may use up to 40 percent less electrical energy compared to conventional zinc refining. The potential energy savings would be a strong economic driver for the project. This work was put on hold in the second half of 2015 while higher priority projects are being completed.

The zinc price has recently been at a multi-year high and is expected to stay in the range of its current price or trend higher. This increase in zinc price makes development of the zinc flue dust recovery technology more desirable to the Company due to cost savings that could be achieved by using recovered zinc to replace primary zinc that is currently purchased for manufacture of the GOLD'n GRO zinc micronutrient fertilizers.

The Company's smaller leach reactor system is now available to be used for the necessary pilot scale leaching test work that must be completed to perfect the new process. The Company has reached agreement with a zinc flue dust ***producer*** who will supply material for testing once a decision is made to proceed with this development project.

Battery Recycling Evaluation: The Company is studying the potential use of the electricity generating contents of silver batteries and 'non-rechargeable' alkaline batteries as a source of raw material for use in manufacturing the GOLD'n GRO fertilizers and for silver production. Once the Company has completed the testing and start-up of e-scrap refining, it will evaluate processing of silver oxide batteries which have to be crushed or ground up prior to introduction into the refining furnace. Processing silver oxide batteries would increase the silver feed to the refinery for use in refining e-scrap and would be non-seasonal.

Alkaline batteries contain potassium, zinc, and manganese. The potassium and zinc are recoverable using Itronics' leaching technology and are raw materials needed for manufacturing GOLD'n GRO fertilizers. The manganese remains in the solid residue from leaching. The Company has begun laboratory evaluation to develop leaching technology to solubilize manganese. The work has ***produced*** some positive results. The lab work is currently on hold due to higher priority work that needs to be completed to support on-going pilot scale operations.

Auric Fulstone Project. An Itronics press release dated January 20, 2015 announced that its subsidiary, Whitney & Whitney, Inc. has identified surface high grade zinc-lead-silver mineralization at its Auric Gold & Minerals Fulstone copper-gold exploration project in Nevada. Within the Auric Fulstone project area, the Company has discovered surface high grade zinc, lead, and silver mineralization that contains anomalous molybdenum in a large area that is geochemically anomalous for zinc. It has also discovered high grade copper mineralization that contains anomalous gold and molybdenum in a separate area that is anomalous for copper. Discovery of the potential for significant zinc, lead, silver, and molybdenum mineralization increases the economic attractiveness of the project by adding potentially significant near surface zinc, lead, silver, and molybdenum values to the over-all copper and gold values that are expected to be identified as the project is explored.

At the end of 2016 Auric Gold & Minerals received an advance from a project partner for the purpose of staking up to 28 additional lode claims to expand the claim coverage of the high grade zinc anomaly that has been identified in the Fulstone Project Area. The claims were staked in the first quarter 2017. In the second quarter, an update of the confidential Fulstone project technical report was started and was completed early in the third quarter. In the fourth quarter, a second update of the Fulstone project report was started and is scheduled for completion in January 2018. The updated report identifies five target areas and recommends drilling two investigative holes in each target area.

The Company is continuing to evaluate options for developing this project and is discussing joint venture development with potentially interested parties. Copper, zinc, and silver are all at multi-year highs which is stimulating investor interest in getting development of this project funded and launched.

About Itronics

Headquartered in Reno, Nevada, Itronics Inc. is a 'Creative Green Technology' Company which ***produces*** GOLD'n GRO specialty liquid fertilizers, silver bullion, and silver-bearing glass. The Company's goal is to achieve profitable green technology driven organic growth in specialty GOLD'n GRO fertilizers, silver, zinc, and minerals. The Company's technologies maximize the recovery and use of metals and minerals and by doing this maximize sustainability.

Through its subsidiary, Itronics Metallurgical, Inc., Itronics is the only company with a fully permitted 'Beneficial Use Photochemical, Silver, and Water Recycling' plant in the United States that converts 100 percent of the spent photoliquids into GOLD'n GRO liquid fertilizers, silver bullion, and silver bearing glass. This is internationally recognized award winning 'Zero Waste' Technology. The Company is developing a portfolio of environmentally beneficial 'Zero waste' processing and mining technologies. Itronics has received numerous domestic and international awards that recognize its ability to successfully use chemical science and engineering to create and implement new environmentally green recycling and fertilizer technologies.

The Company's environmentally friendly award winning GOLD'n GRO liquid fertilizers, which are extensively used in ***agriculture***, can be used for lawns and houseplants, and are available at the Company's 'e-store' on Amazon.Com at: [*https://www.amazon.com/Goldn-Gro/sie=UTF8&page=1&rh=i%3Aaps%2Ck%3AGold%27n%20Gro*](https://www.amazon.com/Goldn-Gro/sie=UTF8&page=1&rh=i%3Aaps%2Ck%3AGold%27n%20Gro)

Due to expanded retail customer interest, GOLD'n GRO fertilizer may now be purchased in Reno, Nevada at 'Buy Nevada First Gift Shop,' 4001 S. Virginia St.

('Safe Harbor' Statement under the Private Securities Litigation Reform Act of 1995: This press release contains or may contain forward-looking statements such as statements regarding the Company's growth and profitability, growth strategy, liquidity and access to public markets, operating expense reduction, and trends in the industry in which the Company operates. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in risks, uncertainties or assumptions underlying or affecting such statements, or for prospective events that may have a retroactive effect.)

Contact:

Paul Knopick

Tel: 888.795.6336

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[***Farmers will play an active role in eradicating bTB'***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RF2-2871-F15K-2086-00000-00&context=1516831)

Farming Life

January 17, 2018 Wednesday

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**Body**

Farmers will play their part in helping to eradicate Northern Ireland's fast growing bovine tuberculosis (bTB) problem, according to Ulster Farmers' Union (UFU) deputy president Victor Chestnutt.

He said this is the one issue that gets farmers very angry at the present time.

"The disease is currently on the increase. Yet the Department of ***Agriculture*** is only tackling the disease in 50% of the affected animals," he added.

"Livestock farmers know that wildlife, including badgers, represents a very significant reservoir of the disease and this challenge must be tackled with equal resolve."

Chestnutt does not want Northern Ireland's badger population eradicated.

"The end game will be that of ensuring that our cattle and badger populations are completely free of the disease, at which stage both groups can live in total harmony with each other," he said.

Chestnutt has also confirmed that the UFU will submit its submission to the current Department of ***Agriculture***, Environment and Rural Affairs (DAERA) public consultation on bTB by the end of this month. While not wishing to second guess the thoughts of the various committee members involved in the drawing-up of UFU policy on the matter, he suggested that farmers could help fund a future badger cull.

"Securing agreed levies from beef and dairy ***producers*** might be one way forward in this regard. However, farmers will never agree to accept anything less than an animal's full market value when it comes to government paying for reactors that have been removed in the wake of a TB test."

The Union has also met DAERA regarding the decision to push ahead with the appointment of a new bTB eradication panel while the consultation process is ongoing.

He said: "We expressed our annoyance regarding this matter. However, we also recognise the need to have a new steering group in place in order to get on with the bTB eradication process as quickly as possible.

Farming Life asked DAERA to comment on why the decision was taken to seek members for the new panel when TB Eradication Strategy consultation has not closed.

A spokesman said: "The incidence of bTB has continued to increase over 2017 and the Department is very aware of the farming industry concern and frustration at the lack of implementation of the TB ***Strategic*** Partnership Group's recommendations."

"The Department believes it is important to demonstrate to the farming community and key stakeholders that they have a meaningful and influential position in re-focused efforts to implement enhanced and innovative actions to address bTB in Northern Ireland.

"The Department is therefore proceeding with the recruitment of a chair and members to establish a new Northern Ireland TB Eradication Partnership. These appointments will be for an initial one year period. It is viewed as important that the TBEP is established as early as possible to allow it to work with the Department in considering the feedback from the consultation on the development of a long term bTB eradication strategy and to assist in driving that strategy forward.

"The new TB Eradication partnership is the primary tier of new governance arrangements being put in place to provide expert oversight of a new strategy to drive forward the eradication of bovine Tuberculosis in Northern Ireland. In addition three sub-regional boards are being proposed which will be involved in the operational ***planning*** of the bTB ***programme*** and ad hoc local disease response teams which will be set up in the event of severe bTB outbreaks. It was not felt appropriate to establish the sub-regional and local structures at this stage. The views expressed in the responses to the current consultation, and those of the TBEP, when established, will be important in both their design and role."

**Load-Date:** January 17, 2018

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[***Russia: Chelyabinsk Region media highlights 14-20 Aug 17***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PBY-DF31-DYRV-31J1-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

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August 29, 2017 Tuesday

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**Body**

By BBC Monitoring

The following are media highlights from state online channel Rossiya 1 TV, state-owned Pervy Oblastnoy TV, privately-owned Channel 31 TV news and Ekho Moskvy in Chelyabinsk radio for the period 14-20 August 2017:

Elections

A total of 515 candidates are to take part in elections in Chelyabinsk Region on 10 September, Pervy Oblastnoy TV reported on 15 August. The voters will be electing the head of the Polotskoye rural settlement, the head of the Kizilsky municipal district and 139 municipal councillors. Speaking about the forthcoming elections, presidential envoy to the Urals Federal District, Igor Kholmanskikh, said that it was the last large-scale campaign before the 2018 presidential election and that all the elements of the election system should be fine-tuned. Governor Boris Dubrovsky said the region was ready for the 10 September elections. (Pervy Oblastnoy TV channel, Chelyabinsk, 1200 gmt 15 Aug 17)

QR code technology will be used to count the election results in Chelyabinsk Region, Ekho Moskvy in Chelyabinsk reported on 15 August. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 1132 gmt 15 Aug 17)

Political

President Vladimir Putin may meet his Kazakh counterpart Nursultan Nazarbayev as part of a Russia-Kazakhstan forum to be held in Chelyabinsk in October, Pervy Oblastnoy TV reported on 15 August. Governor Boris Dubrovsky instructed his subordinates to step up preparations for the forum. Dubrovsky said he would hold a number of off-base meetings to check guest routes. According to the Kremlin website, the heads of the two states had a telephone conversation and discussed problems of bilateral cooperation, the schedule of forthcoming meetings and pressing issues of the international agenda.

Last time President Putin came to Chelyabinsk in December 2016. He visited the Chelyabinsk Pipe Rolling Plant (ChTPZ) and the Makeyev State Missile Centre in Miass. (Pervy Oblastnoy TV channel, Chelyabinsk, 1200 gmt 15 Aug 17)

Reclamation of landfills and road repairs are to be priorities in the development of Chelyabinsk Region, Ekho Moskvy in Chelyabinsk reported on 15 August. Speaking about a list of projects that have ***strategic*** significance for the region, governor Boris Dubrovsky said that a specific goal was set for each project. About R2bn (around 34m dollars at the current exchange rate) will be allocated from the federal and regional budgets in 2017 to implement a safe roads project. Regional minister of ecology Irina Gladkova said that by reclaiming landfills in Chelyabinsk and Magnitogorsk, they would improve living conditions of more than 1.6m people. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0907 gmt 15 Aug 17)

Defrauded investors in Chelyabinsk have drawn up a map of unfinished buildings and sent it to President Vladimir Putin seeking help, Ekho Moskvy in Chelyabinsk reported on 16 August. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0419 gmt 16 Aug 17)

The former press secretary of the Chelyabinsk Region directorate of the Federal Tax Service, Yevgenia Yudina, has been put on a federal wanted list, Ekho Moskvy in Chelyabinsk reported on 17 August. Yudina is wanted to be questioned in connection with an investigation of a possible misappropriation of funds at her last job. Yudina resigned from the Federal Tax Service on 1 February 2014 and became a chief editor of the Vpered newspaper in Troitsk. Leaving the position in February 2017, Yudina is believed to have stolen financial documents and R1.4m. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0332 gmt 17 Aug 17)

Chelyabinsk Region governor Boris Dubrovsky has discussed the construction of a public and business centre for the 2020 Shanghai Cooperation Organisation (SCO) summit in Chelyabinsk with the chief architect of the Arena company, Dmitry Bush, Ekho Moskvy in Chelyabinsk reported on 18 August. The company won a tender to build the property. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0745 gmt 18 Aug 17)

Economic

Chelyabinsk Region is to sign an agreement with the Federal Space Agency, Roscosmos, by 4 September, Pervy Oblastnoy TV quoted regional minister of economic development Sergei Smolnikov as saying on 14 August following a meeting of a working group in Moscow. The working group, comprising representatives of the regional government and the state corporation, discussed the setting-up of advanced social and economic development territories in Ust-Katav, Miass and Zlatoust. The minister said that representatives of Roscosmos suggested holding a meeting chaired by governor Boris Dubrovsky to consider the development of a transport machine-building cluster using the facilities of the Ust-Katav Carriage Works (UKVZ). (Pervy Oblastnoy TV channel, Chelyabinsk, 1200 gmt 14 Aug 17)

Businessmen from Chelyabinsk Region are to visit an Uzbekistan-Russia business forum in Tashkent on 26 September, Ekho Moskvy in Chelyabinsk reported on 14 August. The ***programme*** of the forum includes meetings of government officials of the two countries and round-table discussions of Russian and Uzbek businessmen. The participants will be able to visit industrial companies of the republic. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 0812 gmt 14 Aug 17)

An ***agricultural*** exhibition is to be held in Chelyabinsk on 17-19 August, Pervy Oblastnoy TV reported on 14 August. The participants also intend to discuss investment projects relating to biological protection of plants, the setting-up of ***agricultural*** clusters, the development of elite seed industry and production of new products. Farmers will display their best pedigree live-stock animals. About 150 agrarians are expected to take part in the show. (Pervy Oblastnoy TV channel, Chelyabinsk, 1200 gmt 14 Aug 17)

Chelyabinsk Region governor Boris Dubrovsky has met the acting head of Chesmensky District, Tatiana Zhmorshchuk, Pervy Oblastnoy TV reported on 16 August. Outlining the main objectives for the development of the district, Dubrovsky said that emphasis should be made on the ***agricultural*** sector. Speaking about the harvesting campaign, Zhmorshchuk said that they ***plan*** to harvest more crops than in 2016. About 92,000 out of 117,000 ha of arable land is sown with grain crops, Zhmorshchuk added. Dubrovsky also spoke about the need to develop entrepreneurship attract additional investment to the district. (Pervy Oblastnoy TV channel, Chelyabinsk, 1200 gmt 16 Aug 17)

A privatisation ***programme*** for 2018-20 has been adopted in Chelyabinsk Region, Ekho Moskvy in Chelyabinsk reported on 16 August. The list contains 16 properties owned by the regional authorities. The regional minister of property and natural resources, Alexei Bobrakov, said the expected receipts from privatisation may reach R21m. (Ekho Moskvy in Chelyabinsk radio, Chelyabinsk, 1140 gmt 16 Aug 17)

Two big industrial companies in Chelyabinsk Region intend to lay off staff in August, Channel 31 TV reported on 16 August. Ufaleynikel, the major employer in Verkhny Ufaley, is ***planning*** to make 174 employees redundant. Staff cuts are also expected at the Chelyabinsk Tractor Plant (ChTZ-Uraltarc). The company also introduced a shorter working week for 2,349 employees. (Channel 31 TV online news, Chelyabinsk, 1015 gmt 16 Aug 17)

A Moscow-based company ***producing*** roller blinds, automatic doors and gates, has become the first resident of the Malaya Sosnovka industrial park in Chelyabinsk Region, Pervy Oblastnoy TV reported on 18 August. The company signed an investment agreement enabling it to pay a lower rent for five years. (Pervy Oblastnoy TV channel, Chelyabinsk, 1200 gmt 18 Aug 17)

Environment

A train carrying spent nuclear fuel from Murmansk Region has arrived in Ozersk, Channel 31 TV reported on 17 August. Some 50 more trains are expected to deliver spent fuel from nuclear submarines to the Mayak company. The deliveries are explained by the need to improve the environmental situation in the northwest of Russia. Mayak was chosen as a company which has a unique technology to process such waste. Later, the materials will be used to ***produce*** fuel for nuclear power plants. (Channel 31 TV online news, Chelyabinsk, 1415 gmt 17 Aug 17)

Source: BBC Monitoring

**Load-Date:** August 29, 2017

**End of Document**



[***Washington: DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PGT-5JY1-JDG9-Y0YD-00000-00&context=1516831)

Impact News Service

September 14, 2017 Thursday

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**Length:** 57098 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The SPEAKER pro tempore. Pursuant to House Resolution 504 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the further consideration of the bill, H.R 3354. Will the gentleman from Illinois (Mr. Hultgren) kindly resume the chair. {time} 1336 In the Committee of the Whole Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R 3354) making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2018, and for other purposes, with Mr. Hultgren (Acting Chair) in the chair. The Clerk read the title of the bill. The Acting CHAIR.

When the Committee of the Whole rose on Tuesday, September 12, 2017, a request for a recorded vote on amendment No. 187 printed in House Report 115-297, offered by the gentleman from Ohio (Mr. Gibbs), had been postponed. Announcement by the Acting Chair The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in House Report 115-297 on which further proceedings were postponed, in the following order: Amendment No. 73 by Mr. Mullin of Oklahoma. Amendment No. 74 by Mr. Mullin of Oklahoma. Amendment No. 75 by Mr. Polis of Colorado. Amendment No. 76 by Mr. Polis of Colorado. Amendment No. 77 by Mr. Norman of South Carolina. The Chair will reduce to 2 minutes the time for any electronic vote in this series. Amendment No. 73 Offered by Mr. Mullin The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Oklahoma (Mr. Mullin) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 218, noes 195, not voting 20, as follows: [Roll No. 488] AYES--218 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Cuellar Culberson Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry [[Page H7335]] Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Gonzalez (TX) Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poliquin Ratcliffe Reed Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOES--195 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Knight Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McGovern McNerney Meehan Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Reichert Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sanford Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Welch Wilson (FL) Yarmuth NOT VOTING--20 Bridenstine Castor (FL) Clyburn Costa Curbelo (FL) DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk McEachin Poe (TX) Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Watson Coleman Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1341 So the amendment was agreed to. The result of the vote was announced as above recorded Amendment No. 74 Offered by Mr. Mullin The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Oklahoma (Mr. Mullin) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 225, noes 186, not voting 22, as follows: [Roll No. 489] AYES--225 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Cuellar Culberson Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Gonzalez (TX) Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Green, Gene Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOES--186 Adams Aguilar Barragan Bass Beatty Bera Bergman Beyer Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gottheimer Green, Al Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) [[Page H7336]] Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Welch Wilson (FL) Yarmuth NOT VOTING--22 Bishop (GA) Bridenstine Castor (FL) Clyburn Costa Curbelo (FL) DeLauro Diaz-Balart Garrett Graves (MO) Hoyer Lawson (FL) Loudermilk McEachin Poe (TX) Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Watson Coleman Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1345 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 75 Offered by Mr. Polis The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Colorado (Mr. Polis) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 201, noes 212, not voting 20, as follows: [Roll No. 490] AYES--201 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Conaway Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Fortenberry Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McGovern McNerney Meehan Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sanford Sarbanes Schakowsky Schiff Schneider Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Tipton Titus Tonko Torres Tsongas Upton Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Welch Wilson (FL) Yarmuth NOES--212 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Cook Cramer Crawford Culberson Davidson Davis, Rodney Denham DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peters Peterson Pittenger Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Schrader Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Taylor Tenney Thompson (PA) Thornberry Trott Turner Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--20 Bridenstine Castor (FL) Clyburn Costa Curbelo (FL) DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk McEachin Poe (TX) Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Watson Coleman Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1351 Messrs. RICHMOND, TAKANO, NOLAN, and TIPTON changed their votes from ``no'' to ``aye.'' So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 76 Offered by Mr. Polis The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Colorado (Mr. Polis) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 198, noes 212, not voting 23, as follows: [Roll No. 491] AYES--198 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Dunn Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Fortenberry Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gianforte Gomez Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer [[Page H7337]] Kind Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McGovern McNerney Meehan Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Simpson Sinema Sires Slaughter Smith (WA) Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Tipton Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Welch Wilson (FL) Yarmuth NOES--212 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Conaway Cook Cramer Crawford Culberson Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--23 Bridenstine Castor (FL) Clyburn Comstock Costa Curbelo (FL) DeLauro Diaz-Balart Garrett Gonzalez (TX) Graves (MO) Hudson Lawson (FL) Loudermilk McEachin Poe (TX) Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Watson Coleman Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1354 So the amendment was rejected. The result of the vote was announced as above recorded. Stated against: Mr. HUDSON. Mr. Chair, I was unavoidably detained and missed a vote. Had I been present, I would have voted ``nay'' on rollcall No. 491. Amendment No. 77 Offered by Mr. Norman The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from South Carolina (Mr. Norman) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 151, noes 260, not voting 22, as follows: [Roll No. 492] AYES--151 Abraham Aderholt Allen Amash Arrington Babin Banks (IN) Barletta Barr Biggs Bilirakis Bishop (UT) Black Blackburn Blum Brat Buck Budd Burgess Byrne Carter (GA) Carter (TX) Chabot Cheney Collins (GA) Comer Comstock Conaway Cramer Crawford Culberson Davidson DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Foxx Franks (AZ) Gaetz Gallagher Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Holding Hollingsworth Hudson Huizenga Hultgren Hunter Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Kelly (MS) Kelly (PA) King (IA) Kinzinger Kustoff (TN) Labrador LaMalfa Lamborn Latta Lewis (MN) Long Love Luetkemeyer Marchant Marshall Massie McCaul McClintock McHenry McKinley McMorris Rodgers Meadows Messer Mooney (WV) Mullin Newhouse Noem Norman Olson Palazzo Palmer Perry Peterson Pittenger Ratcliffe Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Royce (CA) Russell Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shuster Smith (MO) Smith (NE) Smith (TX) Stewart Taylor Tenney Thornberry Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Yoder Yoho Young (AK) Young (IA) Zeldin NOES--260 Adams Aguilar Amodei Bacon Barragan Barton Bass Beatty Bera Bergman Beyer Bishop (GA) Bishop (MI) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brady (TX) Brooks (AL) Brooks (IN) Brown (MD) Brownley (CA) Buchanan Bucshon Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Cartwright Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Coffman Cohen Cole Collins (NY) Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Frankel (FL) Frelinghuysen Fudge Gabbard Gallego Garamendi Gianforte Gomez Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Hill Himes Hoyer Huffman Hurd Issa Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Joyce (OH) Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Knight Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lucas Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Mast Matsui McCarthy McCollum McGovern McNerney McSally Meehan Meeks Meng Mitchell Moolenaar Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Nolan Norcross Nunes O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Peters Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Rosen Roskam Rothfus Rouzer Roybal-Allard Ruiz Ruppersberger Rush Rutherford Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Shimkus Simpson Sinema Sires Slaughter Smith (NJ) Smith (WA) [[Page H7338]] Smucker Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Thompson (PA) Tipton Titus Tonko Torres Trott Tsongas Turner Upton Valadao Vargas Veasey Vela Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Webster (FL) Welch Wilson (FL) Woodall Yarmuth NOT VOTING--22 Bridenstine Castor (FL) Clyburn Costa Curbelo (FL) DeLauro Diaz-Balart Garrett Gonzalez (TX) Graves (MO) LaHood Lawson (FL) Loudermilk McEachin Poe (TX) Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Watson Coleman Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1358 So the amendment was rejected. The result of the vote was announced as above recorded. Stated for: Mr. ROKITA. Mr. Chair, I mistakenly cast a ``no'' vote on rollcall vote 492. While I am counted as a ``no'' vote, I intended to vote ``yes'' on the amendment. Vacating Demand for Recorded Vote on Amendment No. 175 Offered By Mr. Murphy of Pennsylvania Mr. COLE. Mr. Chairman, I ask unanimous consent to withdraw my request for a recorded vote on amendment No. 175 printed in House Report 115-297 to the end that the Chair put the question de novo. The Acting CHAIR (Mr. McClintock). The Clerk will redesignate the amendment. The Clerk redesignated the amendment. The Acting CHAIR. Is there objection to the request of the gentleman from Oklahoma? There was no objection. The Acting CHAIR. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Murphy). The amendment was agreed to. Vacating Demand for Recorded Vote on Amendment No. 176 Offered by Mr. Murphy of Pennsylvania Mr. COLE. Mr. Chairman, I ask unanimous consent to withdraw my request for a recorded vote on amendment No. 176 printed in House Report 115-297 to the end that the Chair put the question de novo. The Acting CHAIR. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. The Acting CHAIR. Is there objection to the request of the gentleman from Oklahoma? There was no objection. The Acting CHAIR. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Murphy). The amendment was agreed to. Amendments En Bloc No. 5 Offered by Mr. Graves of Georgia Mr. GRAVES of Georgia. Mr. Chairman, pursuant to section 3 of House Resolution 504, and as the designee of Chairman Frelinghuysen, I rise to offer en bloc No. 5 as part of the consideration of division D of H.R 3354. The list of amendments included in the en bloc is at the desk and has been agreed to by both sides. The Acting CHAIR. The Clerk will designate the amendments en bloc. Amendments en bloc No. 5 consisting of amendment Nos. 194, 197, 202, 209, 210, 214, 215, 216, 217, 219, 220, and 224 printed in House Report 115-297, offered by Mr. Graves of Georgia: Amendment No. 194 Offered by Ms. Kuster of New Hampshire Page 383, line 18, after the dollar amount, insert ``(increased by $874,000)''. Page 385, line 22, after the dollar amount, insert ``(increased by $6,028,000)''. Page 421, line 4, after the dollar amount, insert ``(reduced by $6,902,000)''. Page 424, line 6, after the dollar amount, insert ``(reduced by $6,902,000)''. Page 424, line 8, after the dollar amount, insert ``(reduced by $6,902,000)''. Amendment No. 197 Offered by Mrs. Murphy of Florida Page 443, line 5, after the dollar amount, insert ``(reduced by $1,000,000)''. Page 447, line 13, after the dollar amount, insert ``(increased by $1,000,000)''. Amendment No. 202 Offered by Mr. Soto of Florida Page 360, line 4, insert ``(increased by $1,000,000)'' before ``shall''. Amendment No. 209 Offered by Mr. Cartwright of Pennsylvania At the end of division D (before the short title), insert the following: Sec. 1104. None of the funds appropriated by this Act may be used to ***plan*** for, begin, continue, complete, process, or approve a public-private competition under the Office of Management and Budget Circular A-76. Amendment No. 210 Offered by Mr. Kustoff of Tennessee Page 384, line 6, after the dollar amount, insert ``(increased by $10,000,000)''. Page 421, line 4, after the dollar amount, insert ``(reduced by $10,000,000)''. Page 424, line 4, after the dollar amount, insert ``(reduced by $10,000,000)''. Amendment No. 214 Offered by Mr. Schneider of Illinois Page 348, line 18, after the dollar amount, insert ``(reduced by $2,000,000)''. Page 443, line 5, after the dollar amount, insert ``(reduced by $2,000,000)''. Page 447, line 13, after the dollar amount, insert ``(increased by $4,000,000)''. Amendment No. 215 Offered by Mr. Courtney of Connecticut Page 361, line 17, after the dollar amount, insert ``(reduced by $1,000,000) (increased by $1,000,000)''. Amendment No. 216 Offered by Ms. Michelle Lujan Grisham of New Mexico Page 446, line 17, after the first dollar amount, insert ``(reduced by $5,000,000)''. Page 447, line 13, after the dollar amount, insert ``(increased by $5,000,000)''. Amendment No. 217 Offered by Mrs. Comstock of Virginia Page 384, line 6, after the dollar amount, insert ``(increased by $5,000,000)''. Page 421, line 4, after the dollar amount, insert ``(reduced by $5,000,000)''. Page 424, line 4, after the dollar amount, insert ``(reduced by $5,000,000)''. Amendment No. 219 Offered by Mr. Denham of California Page 428, line 24, after the dollar amount, insert ``(reduced by $1,000,000)''. Page 443, line 5, after the dollar amount, insert ``(increased by $1,000,000)''. Amendment No. 220 Offered by Ms. Gabbard of Hawaii Page 356, line 21, after the dollar amount, insert ``(increased by $1,000,000)''. Page 358, line 1, after the dollar amount, insert ``(increased by $1,000,000)''. Page 428, line 24, after the dollar amount, insert ``(reduced by $1,000,000)''. Amendment No. 224 Offered by Ms. Velazquez of New York Page 348, line 18, after the dollar amount, insert ``(reduced by $3,000,000)''. Page 394, line 2, after the dollar amount, insert ``(reduced by $5,000,000)''. Page 426, line 17, after the first dollar amount, insert ``(reduced by $2,000,000)''. Page 426, line 19, after the dollar amount, insert ``(reduced by $2,000,000)''. Page 447, line 13, after the dollar amount, insert ``(increased by $10,000,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Georgia (Mr. Graves) and the gentleman from Illinois (Mr. Quigley) each will control 10 minutes. The Chair recognizes the gentleman from Georgia. Mr. GRAVES of Georgia. Mr. Chairman, I yield myself such time as I may consume. From the beginning here, let me just thank the ranking member, Mr. Quigley, for his good work over the last several months as we have worked together as a team to try to come up with a product that everyone would be pleased with, and also Mrs. Lowey, the ranking member, as well. But I have to give credit to our leadership. They have decided to go big this year. They have had faith in Chairman Frelinghuysen and our committee members just to get the job done. By the end of this week, this House will be the first Republican majority since 2004 to pass all 12 appropriations bills on time. Now, this bill is certainly true to its name and it is also true to our principles. We make America safe by funding our military and securing our borders. We are making America prosperous by restoring financial freedom so all Americans can earn a living and achieve their own dreams. Now I will say something obvious, Mr. Chairman. America entrusted our party with the White House and both Houses of Congress in this last election. Take a look at this package. These are policies that

we have been elected to pass. This is the U.S House saying: We hear you, and we are with you, and we are going to get the job done. So I want to thank Chairman Frelinghuysen and the subcommittee chairs--all have worked hard over the last several months--and their committee staff for going big and getting this package to the floor as we finish it up here this evening. It is also important to thank my subcommittee and their personal staff as well. I want to thank them for the many hours of work, the weekends, the late nights and the holidays that have [[Page H7339]] brought us to this moment. I want to thank our clerk, Dena Baron; and Marybeth and Ariana; Brad Allen, who is in our Financial Services Office; and until a few days ago, when a great opportunity took her away from us, Kelly Hitchcock, who has been in our office as well. And then, of course, my personal office, we have John Donnelly, Jason Murphy, and Sam Mahler, who have worked very diligently, Mr. Chairman, to bring us to this point on this evening. I reserve the balance of my time. Mr. QUIGLEY. Mr. Chairman, I yield myself such time as I may consume. I rise in support of this amendment. I appreciate the chairman's inclusion of amendments from Democratic Members. I am particularly pleased to see amendments increasing funds for small-business ***programs*** that support investments directly into our communities. Specifically, this amendment boosts funding by a total of $20 million for entrepreneurial development grants. In addition, this package provides increased funding for the Tax Counseling for the Elderly ***program*** at the IRS, ensuring that more elderly taxpayers receive efficient and quality tax assistance. It also boosts funding for the Community Development Financial Institution Fund for Native Communities ***programs***. Another especially effective and much-needed ***program*** in this bill is the High Intensity Drug Trafficking Act. This amendment provides an additional $15 million to the amount provided in the underlying bill. The Drug-Free Communities ***program***, also critically important, benefits from a funding increase. These are Federal investments that matter, and I support them all. I would be remiss, however, if I did not point out that some of the offsets relied upon in this en bloc give me pause. Due to the irresponsibly low funding level allocated in the Financial Services bill, it is, frankly, not possible to find pay-fors that will not cause damage elsewhere in the bill. So I look forward to working with my colleagues to find a way to increase the total resources available for this bill as we move forward in the process. Mr. Chairman, I reserve the balance of my time. Mr. GRAVES of Georgia. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. Denham), who has worked hard on this amendment and has a portion of the amendment he would like to discuss. Mr. DENHAM. Mr. Chairman, I rise in support of this en bloc package which includes my amendments to the Financial Services division of this bill. Mr. Chair, my amendment supports the efficient implementation of the Federal Assets Sale and Transfer Act. This is the act that I authored that was signed into law last year that simply puts in place a board to manage, to liquidate, to identify unneeded and vacant properties. There is an opportunity we have today to sell off the things that we don't need: properties that have been sitting vacant for years, properties that are costing us millions and millions and billions across the country. There is an opportunity for us not only to sell these off and bring in the much-needed revenue to start building roads, bridges, and put towards our infrastructure package, but also to get them redeveloped, rebuilding communities and putting people back to work. Now, what we need right now is to get this board put into place, and congressional leadership will make recommendations to the President on their board. We need the Senate to confirm the chairperson of the board, and, finally, we need an executive director and a staff to help vet these high-value properties and push the reluctant agencies that don't want to get rid of these properties to actually liquidate the things that they don't need. It is time to put this board in place, and this en bloc amendment will help us to do so. This will help us to build infrastructure across the country and sell off the things that we don't need. Mr. QUIGLEY. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. Schneider). Mr. SCHNEIDER. Mr. Chairman, I rise today in support of my amendment which is included in this en bloc package. This amendment would increase funding for the Small Business Administration Entrepreneurial Development ***programs*** by $4 million, with the increase intended to support entrepreneurship education. Our entrepreneurs and small-business owners form the foundation of the American economy. Entrepreneurs with inspired ideas benefit from the educational resources and information that help them convert those ideas into thriving businesses. Entrepreneurship education within the SBA provides resources such as growth assistance, financial literacy education, and basic information for aspiring entrepreneurs. We in Congress have a responsibility to ensure that Americans, young and old, with the entrepreneurial spirit and dedication to succeed have access to lessons and resources that will help them succeed. This amendment will help our small businesses to prosper and, ultimately, create jobs. I urge my colleagues to support this amendment to continue to ensure that the United States remains the best place in the world to start and grow a business. Mr. GRAVES of Georgia. Mr. Chairman, I reserve the balance of my time. Mr. QUIGLEY. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. Courtney). Mr. COURTNEY. Mr. Chairman, I rise in support of the en bloc amendment which contains an amendment offered by myself and the gentleman from Connecticut (Mr. Larson), which directs that funding at the Department of the Treasury shall be used to develop a revenue procedure related to a deduction for casualty losses for homes that are suffering crumbling foundations in north-central and eastern Connecticut and western Massachusetts. It is related to a pyrrhotite material which cropped up in a quarry that was used for aggregate in concrete foundations and is sweeping the area. Thousands of homes are affected by it. Mr. Larson and I are actively working with Treasury Secretary Mnuchin for this purpose. Mr. LARSON of Connecticut. Will the gentleman yield? Mr. COURTNEY. I yield to the gentleman from Connecticut. Mr. LARSON of Connecticut. Mr. Chairman, I want to thank my colleague for being stellar in this, in leading the fight in the State of Connecticut and in joining the Connecticut General Assembly in that effort. I thank Congressman Courtney for his diligence in this effort. Mr. GRAVES of Georgia. Mr. Chair, I yield 2 minutes to the gentleman from Tennessee (Mr. Kustoff), who has been leading the fight against opioid and drug abuse. Mr. KUSTOFF of Tennessee. Mr. Chairman, I rise today in support of the en bloc package, which includes my amendment to increase funds to the High Intensity Drug Trafficking Areas by $10 million. After many grave conversations with law enforcement throughout my district, it is crystal clear that this drug scourge is one of the top concerns right now, if not the top concern. Mr. Chairman, I know my colleagues are having similar discussions in their districts, so they understand just how serious the issue is becoming for the American people. Our drug task force in the Eighth Congressional District of Tennessee desperately needs these funds, as we have seen a spike in trafficking of narcotics across Interstate 40 in west Tennessee. The spread of illegal drugs in west Tennessee and across the Nation leads to higher crime rates, which means our local, State, and Federal law enforcement are being stretched incredibly thin. But we must also think of the resources needed to battle the drug addiction epidemics, such as the opioid crisis. We should be proactive now because prevention is the best long-term solution. Our law enforcement are working tirelessly, but they simply do not have the proper resources to effectively combat drug trafficking. We must do more to support our law enforcement in this fight, and I believe that increasing funds to the HIDTA ***program*** is a really good first step. No doubt, officers at the local, State, and Federal level have expressed support for this amendment, and I urge my colleagues to support these en bloc amendments. Mr. QUIGLEY. Mr. Chairman, I yield 1 minute to the gentlewoman from Hawaii (Ms. Gabbard). [[Page H7340]] Ms. GABBARD. Mr. Chairman, I rise today in support of this package and an amendment that includes additional funding for the Native American CDFI Assistance ***Program***. The CDFI Fund's Native Initiatives ***program*** seeks to level the economic playing field by providing awards to organizations that make credit, capital, and other essential financial services available to underserved and impoverished Native communities. In the past, this ***program*** has provided funding to organizations like Lei Ho'olaha, which provides financial training and loans to charter schools and community centers in Hawaii to help make them creditworthy. It also provides funding to the Council for Native Hawaiian Advancement, which helps provide access to capital for people living in Native Hawaiian communities to help them purchase affordable homes, start new businesses, and to help drive commerce. We must build upon this progress in Native communities and increase the funding for the CDFI Fund's Native Initiatives to build businesses, create jobs, empower these Native communities, and spur economic growth. Please support this amendment. Mr. QUIGLEY. Mr. Chairman, I yield back the balance of my time. Mr. GRAVES of Georgia. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendments en bloc offered by the gentleman from Georgia (Mr. Graves). The en bloc amendments were agreed to. Amendment No. 190 Offered by Mr. Roskam The Acting CHAIR. It is now in order to consider amendment No. 190 printed in House Report 115-297. Mr. ROSKAM. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division D (before the short title), insert the following: Sec. \_\_. None of the funds made available by this Act may be used to authorize a transaction by a U.S financial institution (as defined under section 561.309 of title 31, Code of Federal Regulations) that is ordinarily incident to the export or re-export of a commercial passenger aircraft to the Islamic Republic of Iran. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Illinois (Mr. Roskam) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Illinois. {time} 1415 Mr. ROSKAM. Mr. Chair, I rise today in support of amendment No. 190, which would help prevent companies from weaponizing the Iranian regime and help stop the flow of troops and armaments to Assad's murderous regime. This amendment would prohibit the Office of Foreign Assets Control from authorizing the sale of aircraft to Iran. Western companies are in the process of trying to sell dozens of planes to Iran Air--that is Iran's flagship carrier--and other Iranian airlines with deep ties to hostile Iranian actors. Iran's aviation sector, led by Iran Air, has a long history of illicitly transporting militants, weapons, and explosives on commercial aircraft to terror groups and rogue regimes. Iran's Islamic Revolutionary Guard Corps--the IRGC--and Iran's Ministry of Defense use commercial aircraft to directly support Iran's campaign of terror around the Middle East. In recent years, both before the Iran nuclear deal and after, Iranian airlines have served as a lifeline to the Assad regime, transporting weapons and troops to the embattled dictator. Iran Air was recently designated by the U.S Treasury for such activity. Numerous Iranian airlines remain sanctioned. Last year, while speaking on the floor in support of these same amendments, which passed the floor, I had on display this map beside me exhibiting the route of an Iran Air flight in the middle of the night from an IRGC hub to war-torn Damascus. This midnight flight was unscheduled and flew on a routine Iranian arms supply path to Syria. Hundreds of these flights are documented, showing a sophisticated Iranian arms supply system using commercial jets. On display now is even more compelling evidence of Iran Air's nefarious activity. These recently taken photos display Iran-backed Afghani militiamen flying Iran Air to Syria. You can see these same militiamen holding AK-47s on the ground in the Syrian war zone and prepping heavy artillery. These fighters are reported to be part of an IRGC training Afghan Shiite militia actively fighting for the Assad regime. Iran Air and the IRGC transport these jihadis to Syria to fight for a dictator responsible for the deaths of almost a half a million people, Mr. Chairman. Until Iran ceases using commercial aircraft to support terrorists and war criminals, Western companies ought not be allowed to sell Iranian airlines more aircraft that they can use to fuel Assad's brutal war. Mr. Chair, I reserve the balance of my time. Mr. BLUMENAUER. Mr. Chair, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Oregon is recognized for 5 minutes. Mr. BLUMENAUER. Mr. Chair, I yield myself 2\1/2\ minutes. Mr. Chair, I rise in opposition to my friend's amendment, somebody I enjoy working with and respect; but, with all due respect, I think he is wrong on this. There is no denying the fact that there are some bad people in Iran who do bad things, and we have a complicated relationship that we are trying to deal with. But, first of all, there are already other countries who are involved with this. Airbus just had a contract. What the gentleman is talking about would deny the opportunity for Boeing to be able to have these sales go forward, cost Americans up to 100,000 jobs, and keep billions of dollars out of the United States' economy. Mr. Chairman, part of this is people are deeply concerned about the agreement that we made with Iran dealing with nuclear weapons, which, I would note, to this point, has actually dialed down some of the work in terms of halted enrichment beyond 3.67 percent, it limited the size of its uranium stockpile, filled in the core of a heavy water nuclear reactor with cement, and provides an opportunity for us to do something. There are many areas in this region where we have common interests, and we are kind of doing a dance. One of the concerns I have is the United States has consistently mismanaged its relationship with Iran. How would we feel if somebody had moved to overturn our popularly elected government, as we did with Iran in 1953, or we sided with Saddam Hussein in the brutal war against Iran when they were openly using chemical weapons? There are things here that have made this a difficult relationship. The majority of Iranians, ironically, still like Americans. Unlike Donald Trump's imaginary Muslims in New Jersey dancing in the street on 9/11, in Tehran on 9/11, there were candlelight vigils in support of the United States. It has more of a democracy than what we have in Saudi Arabia and Egypt. Now, I agree that we have challenges dealing with them, but at a time when we should be strengthening ties with a former enemy through diplomacy, trade, and job creation, we should be able to try and have the management of this complicated relation rather than penalizing American companies for no good purpose. Mr. Chairman, I reserve the balance of my time. Mr. ROSKAM. Mr. Chairman, may I inquire how much time remains? The Acting CHAIR. The gentleman from Illinois has 2\1/2\ minutes remaining, and the gentleman from Oregon has 2\1/2\ minutes remaining. Mr. ROSKAM. Mr. Chair, I yield 1 minute to the gentleman from Kentucky (Mr. Barr), the chairman of the Subcommittee on Monetary Policy and Trade of the Financial Services Committee. Mr. BARR. Mr. Chairman, I rise in strong support of the amendment of my friend from Illinois. The gentleman has shown great leadership on this issue prohibiting the Office of Foreign Assets Control from using funds to issue a license allowing U.S -made aircraft to be sold to Iran, and also prohibiting OFAC from using funds to authorize U.S financial institutions to finance the purchase of military fungible aircraft to Iran. As the chairman of the subcommittee with oversight over treasury implementation of sanctions, it is just unacceptable and unnecessary to expose the [[Page H7341]] U.S financial system to the world's leading state sponsor of terrorism in a jurisdiction of primary money laundering concern. At a hearing in April, the Committee on Financial Services heard testimony that Iran Air's role in the Syrian conflict continues. That same day, the public received reports of a chemical weapons attack killing dozens of Syrian civilians. What we know is that there is significant evidence suggesting that Iran Air flights are now being used to transport personnel and material supporting the IRGC and its efforts to assist the Assad regime and Hezbollah. Mr. Chairman, I applaud the gentleman's amendment and I support it. We should not be assisting the world's leading state sponsor of terrorism with commercial aircraft. Mr. BLUMENAUER. Mr. Chair, I want to be clear. I understand the deep concerns about things that Iranians are doing that I personally disagree with. The Syrian conflict is a horrific tragedy, but we have problems with Russia in Syria, we have problems with Turkey in Syria. We are involved with a situation in the Middle East that is horrific and is going to require all of our best efforts. With all due respect, we have a number of things we are trying to achieve in this regard. I think being able to maintain our commitments under the agreement with the JCPOA is important. That Iranian nuclear agreement has held and it is one of the few bright spots in that region. Second, we are punishing an American company, but, as I mentioned, Airbus just executed a contract. There are other parts of the world that have moved forward. One of the reasons that we were able to get alignment was there are different agreements in terms of what people want to do with France, Great Britain, Germany, and Russia. We have struck an agreement with those allied powers working with us to make it more difficult for Iran to be a nuclear state. We have an opportunity for us to not penalize American companies. We have an opportunity for us to try and make diplomacy work, which has been undercut by many of the things we are seeing from the administration, trying to dial back the capacity of the State Department, dial back the soft power that even the military says that we need to do. We have a number of areas where there are sponsors of terror. Pakistan is involved with all sorts of things in this region, and, of course, they have been key in helping North Korea become a nuclear state. I don't think we should paint a picture here that is too simplistic. We ought to acknowledge the fact that this is complex, that there are problems, but deal with a country where the majority of people like Americans, where they have kept their nuclear commitments, where other countries are going to step in and fill the gap, and that we ought not to penalize American industry or undercut diplomatic efforts. Mr. Chairman, I yield back the balance of my time. Mr. ROSKAM. Mr. Chairman, my friend from Oregon acknowledges that there are bad people doing bad things in Iran. Well, let's not help them. Let's not be complicit. And as to the candlelight vigils, none of the mullahs, none of the leadership, were involved in candlelight vigils for the United States. These are the people that are chanting and provoking: Death to America. This does no violence to those who were supporters of the JCPOA. They like it. This has no impact on it whatsoever. Furthermore, it doesn't put American companies at any other disadvantage than other companies have. In other words, the two big players here are Airbus and Boeing, neither of whom, if we are successful with this amendment, would be able to sell into that marketplace. Why? Because Airbus has the same level of technology, they get caught up in the same net that we do. We have got to ask the question: Do we step back and say, ``Wow. It is just complicated and it is overwhelming, and, inshallah, let's do nothing''? No. Let's lean in. Let's make a decision. Let's be articulate and let's say that we are choosing not to be complicit with what we know is outrageous, and that is the use of commercial aircraft supporting the world's largest state sponsor of terror. This is fairly intuitive. The House has come together on these issues in the past. Mr. Chair, I urge its passage, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Illinois (Mr. Roskam). The amendment was agreed to. Amendment No. 191 Offered by Mr. Roskam The Acting CHAIR. It is now in order to consider amendment No. 191 printed in House Report 115-297. Mr. ROSKAM. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division D (before the short title), insert the following: Sec. \_\_. None of the funds made available to the Department of Treasury by this division may be used to issue a license pursuant to any Office of Foreign Assets Control (OFAC) memo regarding Section 5.1.1 of Annex II to the Joint Comprehensive ***Plan*** of Action of July 14, 2015 (JCPOA), including the January 16, 2016, OFAC memo titled, ``Statement of Licensing Policy For Activities Related to the Export Or Re-Export to Iran of Commercial Passenger Aircraft and Related Parts and Services'' and any other OFAC memo of the same substance. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Illinois (Mr. Roskam) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Illinois for 5 minutes. Mr. ROSKAM. Mr. Chairman, this amendment is similar to the previous amendment debated. Specifically, it would prohibit the Office of Foreign Assets Control from authorizing U.S financial institutions-- that is the distinction--from financing aircraft and sales to Iran. It is the same reasons. It is all the same facts. It is fairly straightforward. Mr. Chairman, I reserve the balance of my time. Mr. QUIGLEY. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. QUIGLEY. Mr. Chairman, ideological riders have no place on the appropriations bill. The substance of the amendment should be debated as a stand-alone piece of legislation and under the proper committee of jurisdiction. Unfortunately, the fiscal 2018 Financial Services appropriations bill before us today is already loaded full of policy riders that don't belong on spending bills. Furthermore, this amendment would block the ability of Boeing to complete the $30 billion worth of aircraft sales to Iran, resulting in the loss of U.S jobs. It would put U.S in breach of JCPOA. Mr. Chairman, I yield back the balance of my time. Mr. ROSKAM. Mr. Chairman, I yield 1\1/2\ minutes to the gentleman from Colorado (Mr. Lamborn), a member of the Armed Services Committee. Mr. LAMBORN. Mr. Chairman, I rise in support of amendment 191 to the Financial Services and General Government appropriations bill. This amendment prohibits funds from being used to issue a license relating to the sale of commercial passenger aircraft to the Islamic Republic of Iran. The JCPOA allowed for the sale of commercial aircraft to Iran Air, but it is an Iranian airline that the Treasury Department designated in 2013 for providing material, support, and services to the Iranian Islamic Revolutionary Guard Corps. {time} 1430 What changed in those 3 years from that designation to the signing of the JCPOA? Congress has yet to see a report of good behavior on the part of the Iranians. The Ayatollahs continue to call America the ``Big Satan.'' The sales of these aircraft must be stopped so long as the Iranians continue to be the leading state sponsor of terrorism. I thank Representative Roskam for his leadership on this issue and hope that it passes with unanimous support. Mr. ROSKAM. Mr. Chair, I yield 1\1/2\ minutes to the gentleman from New York (Mr. Zeldin). Mr. ZELDIN. Mr. Chairman, I rise in support of this amendment which I am proud to cosponsor with my colleagues, Mr. Roskam and Mr. Lamborn. [[Page H7342]] When the U.S entered into the JCPOA, we empowered Iran to advance its bad activities. Iran Air was sanctioned in 2011, for using commercial flights to transport missile and rocket components to Syria. The Syrian war is far from over. We cannot allow Iran to establish a permanent presence in Syria. This amendment would block taxpayer funds from supporting a regime that has killed too many people. I strongly support the passage of this amendment. I am concerned, as I hear opposition to this amendment where we are talking about the need to protect American jobs, where the connection is being made to those American jobs being used to support terrorism abroad. That is a stretch. I would encourage my colleagues on the other side of the aisle, if they are concerned about protecting American jobs, that we are pursuing American jobs to help our great country, not supporting the bad activities of a regime that is developing intercontinental ballistic missiles in violation of U.N Security Council resolutions; calling Israel the ``Little Satan'' and America the ``Great Satan;'' overthrowing foreign governments; financially awarding terror; the largest state sponsor of terrorism. I say that my colleagues on the other side of the aisle should be sharing our concern and supporting this amendment. Mr. Chairman, I thank Mr. Roskam for his leadership. Mr. ROSKAM. Mr. Chairman, to close, as to the argument about ideological riders, this is the Article I branch. It is the prerogative of the House of Representatives and the Congress to speak and decide how money is to be spent. As to the notion that, the accusation that this breaches the JCPOA, as much of a critic as I am of that deal, this doesn't breach it. So it is in compliance with it. The notion of jobs is an interesting one, and it kind of creates a moral quandary until, Mr. Chairman, you balance out these two things: jobs versus lives. Is that really a question here? Aren't lives more important than jobs? Isn't it an interesting thing that several Members of the Washington State delegation where Boeing, in particular, is headquartered have actively written to the leadership of the Boeing Company saying, don't do this, essentially, and don't put our employees in the moral quandary of having to move forward on this? Finally, Mr. Chairman, how would we be feeling if the debate were happening in 1938 in this country, and the question was: Are we going to loan money to some commercial operation that can be used by the regime in Hamburg, Germany, for example? We would be scandalized by it. We need to recognize with a sense of clarity where we are in history. We ought not to be complicit with this. This House can make a great deal of difference in the future of this fight. Mr. Chair, I urge the passage of this amendment, the adoption of it, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Illinois (Mr. Roskam). The amendment was agreed to. Amendment No. 192 Offered by Mr. Palmer The Acting CHAIR. It is now in order to consider amendment No. 192 printed in House Report 115-297. Mr. PALMER. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division D (before the short title), insert the following: Sec. \_\_. None of the funds made available by this Act (including title IV and title VIII) may be used to carry out the Reproductive Health Non-Discrimination Amendment Act of 2014 (D.C Law 20-261) or to implement any rule or regulation promulgated to carry out such Act. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Alabama (Mr. Palmer) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Alabama. Mr. PALMER. Mr. Chairman, my amendment would prohibit funds from being used to implement the District of Columbia's Reproductive Health Non-Discrimination Amendment Act of 2014, or RHNDA. This law prevents religious and pro-life advocacy organizations from making employment decisions consistent with their institutional mission. The First Amendment States in part that ``Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof. . . . '' Without my amendment, some employers in the District of Columbia would be forced to embrace the beliefs of the 13 members of the D.C Council. D.C allows abortions until the moment of birth, but a number of organizations in D.C --such as March for Life, Americans United for Life, and the Susan B. Anthony List--exist solely to protect the sanctity of life. The Constitution provides them the right to exercise those beliefs just like it does those who oppose it. That is why, when the District passed RHNDA, former D.C Mayor Vincent Gray described it as ``legally problematic'' saying: `` . . . the bill raises serious concerns under the Constitution, and under the Religious Freedom Restoration Act. . . . '' My amendment would restore religious freedom to employers inside the District of Columbia. Those who want to have an abortion do not have to work for employers who oppose them. They have life and the liberty to pursue their own interests with another employer. Mr. Chair, I reserve the balance of my time. Ms. NORTON. Mr. Chairman, I rise in strong opposition to this amendment. The Acting CHAIR. The gentlewoman from the District of Columbia is recognized for 5 minutes. Ms. NORTON. Mr. Chair, I yield myself such time as I may consume. This amendment prohibits the District of Columbia from spending its local funds to carry out a local antidiscrimination law, the Reproductive Health Non-Discrimination Amendment Act. Unlike the D.C Council which passed this law, no Member of this Congress was elected to legislate on local D.C matters, or is accountable to the voters of the District of Columbia. This amendment gives employers the license to discriminate against employees, their spouses, and their dependents, based on their private, constitutionally protected reproductive decisions. This amendment permits employers to fire a woman for having an abortion due to rape, or to decline to hire a woman for using in vitro fertilization, or to fire a man for using condoms, or to reduce the salary of a parent for buying birth control for his or her child. Contrary to the sponsor's claim, the D.C law does not require employers to provide insurance coverage for reproductive health decisions. Importantly, the law states expressly, here this language: ``This section shall not be construed to require an employer to provide insurance coverage related to a reproductive health decision.'' The D.C law is valid under both the U.S Constitution and the Religious Freedom Restoration Act. Indeed, the law has been in effect for more than 2 years. It is now law. And there appear to have been no lawsuits challenging it. Under the U.S Constitution, laws may limit religious exercise if they are neutral, generally applicable, and rationally related to a legitimate governmental interest. Under the Religious Freedom Restoration Act, laws may substantially burden religious exercise only if they further a compelling governmental interest in the least restrictive means. The D.C law meets all of these requirements. That is why it has never been challenged. The D.C law also protects religious liberty. The Constitution's narrow ministerial exception allows religious organizations to make employment decisions for ministers and ministerial employees for any reason whatsoever. D.C law permits religious and political organizations to make employment decisions based on religious and political views. Under the D.C law, employees must be willing to carry out an employer's missions and directives. I urge Members to vote ``no'' on this amendment in order to protect employees' reproductive health decisions, workplace equality, and D.C 's own right to self-government. [[Page H7343]] Mr. Chair, I reserve the balance of my time. Mr. PALMER. Mr. Chair, I yield 1 minute to the gentleman from Arizona (Mr. Biggs). Mr. BIGGS. Mr. Chairman, I thank Mr. Palmer for sponsoring this amendment, which I support wholeheartedly. I support Mr. Palmer's implementation of the District of Columbia Reproductive Health Non-Discrimination Amendment Act which passed the D.C Council in 2014. This law limits the ability of employers, including pro-life organizations, to avoid hiring applicants whose personal beliefs are contrary to their respective missions. Today, Congress can begin to right this wrong. Think about the real effect of this law. Organizations like March for Life, Americans United for Life, Susan B. Anthony List, or Family Research Council, among others, whose mission is to advocate for the sanctity of life could be forced to hire individuals who disagree with those very principles. In the 2012 case, the U.S Supreme Court unanimously affirmed the right of religious organizations to hire employees that support the mission of the organization for which they will be advocating. We cannot allow 13 D.C Council members to circumvent that decision and strip employers of their Constitutional rights. The United States Constitution explicitly grants Congress the power to ``exercise exclusive legislation in all cases whatsoever, over'' the District of Columbia. I believe we have a responsibility to ensure the D.C Council is not infringing on the religious liberties of pro-life organizations. Mr. Chair, I encourage my colleagues to support this amendment. Mr. PALMER. Mr. Chair, I reserve the balance of my time. Ms. NORTON. Mr. Chair, may I inquire how much time I have remaining. The Acting CHAIR. The gentlewoman has 2 minutes remaining. Ms. NORTON. Mr. Chair, I yield 1 minute to the gentlewoman from Colorado (Ms. DeGette), one of the leaders of the right to privacy in this Congress. Ms. DeGETTE. Mr. Chairman, I rise in strong opposition to this amendment. The gentleman from Alabama talks about the First Amendment rights of employers, but, clearly, this statute by the D.C Government complies with all of the constitutional rights. What I am concerned about here is discrimination against employees for making their own reproductive health decisions. Apparently, that doesn't matter to the people on the other side of the aisle: the right of people to take birth control, to have in vitro fertilization, or even to have an abortion. The D.C Council decided that was an important right, and that is why they passed this legislation. This is why we should preserve it today. There is absolutely no reason why we should take the rights of self- governance away from D.C , and there is absolutely no reason why we should take the rights of women and families to exercise their legal, constitutional healthcare decisions. Mr. Chair, I strongly oppose this amendment, and urge a ``no'' vote. Mr. PALMER. Mr. Chairman, in spite of numerous requests--with all due respect to the gentlewoman from Colorado and the distinguished Delegate from the District of Columbia--in spite of numerous requests, no exemptions were included in the Reproductive Health Non-Discrimination Amendment Act for either moral or religious objections. I think my colleague from Colorado just pointed that out, that they intended no exceptions. RHNDA, as enacted, has no religious exemption, and legislative history suggests it may have been passed specifically to target faith- based employers. Nobody should be forced to take a position one way or the other, or be able to hire them. By leaving this in place, it exposes employers to potential lawsuits. I would like to point out that, in regard to Congress' authority over this issue, Article I, section 8, clause 17 of the Constitution states that Congress shall have power to exercise exclusive legislation, in all cases whatsoever, over the District. Mr. Chair, I take exception to my colleague's point that it is acceptable to infringe on the religious liberties of certain people who actually believe in protecting life. The Constitution does not provide for only a certain group to practice their religion, but everyone has a right to practice his or her religion. No government interest can overcome that constitutional right. Mr. Chair, I reserve the balance of my time. Ms. NORTON. How much time do I have remaining, Mr. Chairman? The Acting CHAIR. The gentlewoman has 1 minute remaining. Ms. NORTON. Mr. Chair, I don't know what the District of Columbia can do to satisfy the ideologically driven Members on the other side. We protected religious liberty. There have been absolutely no challenges. Republicans persist in ignoring the plain wording on abortion, and, above all, they have ignored their own groundwork principle of local control. This is a majority that yells local control for everybody except the residents of the District of Columbia. We have defeated this amendment before. We will defeat this amendment again, if not in this House, in the other Chamber, I assure you. It is law. It is going to remain law. Mr. Chair, I yield back the balance of my time. {time} 1445 Mr. QUIGLEY. Mr. Chairman, as the designee of Ranking Member Lowey, I move to strike the last word. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. QUIGLEY. This is an interesting debate, Mr. Chairman. Normally it would be heard for the would-be candidates for the District of Columbia City Council, but the issues remain far more important. This amendment would, once again, overreach by prohibiting funds for D.C 's Reproductive Health Nondiscrimination Amendment Act of 2014. That law prohibits discrimination based on reproductive health decisions. The Reproductive Health Nondiscrimination Amendment Act protects workers in D.C from workplace discrimination if the employer disagrees with the employee's use of contraception, in vitro fertilization, and even perhaps a medically necessary abortion. The law prohibits employers from making employment decisions based on reproductive health decisions of employees, their spouses, and children. Without RHNDA, employers could fire a woman for having an abortion due to rape, fire a man for using a condom, reduce the pay for a parent buying birth control for their child, and decline to hire a woman for using in vitro fertilization. D.C is protecting workers from losing their jobs if their supervisors do not agree with their most personal decisions. This amendment would strip those protections from D.C workers. For those who thought this bill infringed on employers' religious beliefs, D.C passed a statutory clarification that no employer was required to provide insurance coverage related to reproductive health decisions. During the congressional review period, the Republican-controlled House passed a resolution disapproving this bill, but the Republican- controlled Senate did not. The Congress had time to act on this issue, and it failed to do so. D.C residents should not be subject to endless efforts to overturn their laws. People should be judged at work based on their performance and not on their personal, private reproductive healthcare decisions. That is why D.C passed this law. To my friends across the aisle, I understand they see this as a constitutional challenge, but, with all due respect, they are anti- Federalist and Federalist when it is convenient--and not just because of D.C It has to do more with issues they don't agree with. They are very much for States' rights and local control unless it has something to do with issues like gun violence or a woman's right to choose. This is inconsistent and, frankly, with all due respect, somewhat hypocritical. Mr. Chairman, I urge a ``no'' vote on this amendment, and I yield back the balance of my time. Mr. PALMER. Mr. Chairman, I yield 20 seconds to the gentleman from Georgia (Mr. Graves). Mr. GRAVES of Georgia. Mr. Chairman, I want to thank the gentleman from Alabama (Mr. Palmer) for his [[Page H7344]] fierce support and defense of our First Amendment rights and religious freedoms. Faith-based and pro-life organizations should be free to serve according to their deeply held beliefs. So the vote on this amendment today is one on which you should be voting ``yes'' for the First Amendment and ``yes'' for religious freedom. Mr. PALMER. Mr. Chairman, I want to remind people of what former Mayor Gray wrote in his letter: ``Religious organizations, religiously affiliated organizations, religiously driven for-profit entities, and political organizations may have strong First Amendment and RFRA grounds for challenging the law's applicability to them.'' The Supreme Court in the Hosanna Tabor v. EEOC decision made it clear--this was a unanimous decision--that organizations are free to hire people who are like-minded and who support their views. In regard to federalism, the Constitution gives Congress the right to legislate over the District of Columbia. If D.C won't respect the rights of its citizens, then it is Congress' duty to ensure the laws of D.C comply with Federal law and the Constitution. Mr. Chairman, I urge my colleagues to support this amendment and vote ``yes,'' and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Alabama (Mr. Palmer). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Ms. NORTON. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Alabama will be postponed. It is now in order to consider amendment No. 193 printed in House Report 115-297. Amendment No. 195 Offered by Mr. Gohmert The Acting CHAIR. It is now in order to consider amendment No. 195 printed in House Report 115-297. Mr. GOHMERT. Mr. Chairman, as the designee of the gentleman from Florida (Mr. Posey), I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 361, line 17, after the dollar amount, insert ``(reduced by $165,300)''. Page 634, line 16, after the dollar amount, insert ``(increased by $165,300)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Texas (Mr. Gohmert) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Texas. Mr. GOHMERT. Mr. Chairman, I rise to offer an amendment to H.R 3354. Originally this was offered by my friend from Florida (Mr. Posey), who is currently helping his constituents recover from Hurricane Irma, so I rise on behalf of Mr. Posey. Mr. Chairman, this amendment would strike the IRS' Operations Support account by $165,300 and transfer that amount to the Spending Reduction account. The effect would be to eliminate the salary of IRS Commissioner John Koskinen's salary, in fact, and would finally begin a tiny amount of accountability that American taxpayers have deserved for quite some time. Not only did Commissioner Koskinen fail to hold the IRS accountable for wrongfully targeting groups based on their lawful political beliefs, but he obstructed the congressional investigations into the scandal. When Congress requested the testimony of Lois Lerner, who was head of the Exempt Organization Division at the IRS, she took the Fifth Amendment and refused to cooperate. Instead of providing these records, as required, Mr. Koskinen chose to--in his words--``recycle'' the Lerner email records. By recycle, Mr. Koskinen meant, obviously by his actions, destroy evidence that was part of a congressional investigation, which was in direct conflict with his duties as a public servant and, in particular, as head of the Internal Revenue Service. After obstructing a congressional investigation, Mr. Koskinen then lied about it under oath on several occasions before Congress. In other words, he repeatedly and contemptuously perjured himself before Congress. Now, on June 20, 2014, for example, Mr. Koskinen testified in a Ways and Means Committee hearing that since the targeting investigation started, every email had been preserved and nothing was lost. At that very same hearing, Mr. Koskinen said that the backup files no longer existed. He then went on to say that the IRS had ``gone to great lengths to spend a significant amount of money trying to make sure that there were no emails that were required that has not been ***produced***.'' That, as we found out, was a blatant lie. Mr. Koskinen and his staff had gone to no lengths to get these emails. They had done nothing. In fact, the Treasury Inspector General for Tax Administration said that the IRS under Koskinen--his direction--simply did not look for the emails at all. Later, more than 1,000 emails were recovered from backup tapes that the IRS had attempted to destroy knowing they were being sought by Congress. A year later, on June 20, 2015, Mr. Koskinen again falsely testified--also known as perjuring himself--that all of the Lerner emails had been preserved--not lost--but the IRS had destroyed the emails, in fact, and tried to destroy the backup tapes as well. That was well after the investigation had started and the emails were being sought. Koskinen's dishonesty and obstructionist actions were not limited to congressional business. His actions directly affected American taxpayers. Under his tenure, IRS customer service for the 2015 filing season was nothing short of abysmal. Taxpayers were forced to wait hours to speak to an IRS agent, even after Congress gave him more money than he had had before for that assistance, but under his control and direction, it was squandered in other ways. The terrible customer service was a direct result of Mr. Koskinen's IRS directing funds meant for taxpayer services toward other priorities. At his confirmation hearing, Commissioner Koskinen promised that he would be transparent. That was a lie. This man's salary should be reduced. Mr. Chairman, I reserve the balance of my time. Mr. QUIGLEY. Mr. Chairman, I claim the time in opposition. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. QUIGLEY. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, this amendment is intended to cut the pay of the IRS Commissioner to zero. It is nothing more than a gratuitous, partisan cheap shot, an amendment offered last year that failed. I know and I am sure there are plenty of people out there who think that Members of Congress should be paid nothing or have their salary reduced to next to nothing because they disagree with them or they don't like their actions. Mr. Chairman, I urge my colleagues to oppose this amendment, and I reserve the balance of my time. Mr. GOHMERT. Mr. Chairman, in conclusion, I hope and literally pray that at some point we will put politics aside and, when somebody lies in front of Congress, we will join together to say: Not before Congress; there will be consequences. Mr. Chairman, I yield back the balance of my time. Mr. QUIGLEY. Mr. Chairman, there have been extraordinary attacks on the IRS Commissioner in a wide variety of ranges, but an amendment similar to this failed last year, which meant there were Republicans who opposed it as well as Democrats. There were attempts to offer impeachment on this matter, and those were partisan efforts in a nonconstructive way. This is just one more element toward that end. It is unnecessary. Mr. Chairman, I encourage my colleagues to vote ``no,'' and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Texas (Mr. Gohmert). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mr. QUIGLEY. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas will be postponed. [[Page H7345]] Amendment No. 196 Offered by Ms. Norton The Acting CHAIR. It is now in order to consider amendment No. 196 printed in House Report 115-297. Ms. NORTON. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 513, strike line 1 and all that follows through page 514, line 11. The Acting CHAIR. Pursuant to House Resolution 504, the gentlewoman from the District of Columbia (Ms. Norton) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from the District of Columbia. Ms. NORTON. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, my amendment strikes the repeal of the District of Columbia's Local Budget Autonomy Act, which allows the District of Columbia to spend its local funds consisting solely of local taxes and fees after a 30-day congressional review period; and this is now law. It is astonishing that my Republican colleagues are so at odds with a local jurisdiction spending its own local funds without the approval of a Federal body, U.S Congress, and that the House will be voting for a third time since May 2016 to repeal this local law. The first two attempts were not enacted into law, and I expect this third attempt to fail, too. In fact, I should not even have to offer this amendment. The bill's repeal of the Local Budget Autonomy Act violates the House rule against legislating on an appropriations bill. Of course, the special rule governing consideration of the bill prohibits me from raising a point of order against the repeal provision, which would be sustained by the Chair. The Local Budget Autonomy Act is in effect. It is now law, I repeat. This year, the D.C Council passed its second local budget under the Local Budget Autonomy Act. Smart lawyers differed about the validity of the Local Budget Autonomy Act when D.C enacted it. However, the Local Budget Autonomy Act has been litigated. The only court ruling in effect upheld it, the ruling was not appealed, and the court ordered D.C officials to implement it. Some House Republicans disguised their opposition to the Local Budget Autonomy Act with legalistic arguments until Speaker Ryan revealed last year the real reason the House passed the stand-alone bill repealing the Local Budget Autonomy Act. He said: ``There are real consequences. The D.C government wants to use revenues to fund abortions in the District. House Republicans will not stand for that.'' {time} 1500 The Speaker was wrong about the effect of the Local Budget Autonomy Act. Congress loses nothing under our budget autonomy law. Congress retains the authority to legislate on any D.C matter, including its local budget, at any time. That is unfortunate, but that, too, is the law. The Local Budget Autonomy Act is a modest attempt by the District to be able to implement its local budget soon after it is passed, like other jurisdictions, instead of having it caught up in congressional delays. Indeed, the riders in the bill prohibiting D.C from spending its local funds on marijuana commercialization and abortion services for low-income women were changed from those in prior appropriations bills to account for the Local Budget Autonomy Act. Still, that is not enough. Historically, D.C riders applied only to funds included in appropriations bills, because only appropriations bills authorized D.C spending. In this bill, as in fiscal year 2017, the riders apply to D.C local funds available under any authority, including those in the local budget passed under the Local Budget Autonomy Act. Local control over the dollars raised by local taxpayers is a principle much cited by my Republican colleagues, and it is, indeed, central to the American form of government. Beyond this core principle, budget autonomy has practical benefits for D.C , including lowering borrowing costs, more accurate revenue and expenditure forecasts, improved agency operations, and the removal of the threat of D.C government shutdowns during Federal Government shutdowns. These are our concerns. D.C 's budget is larger than the budgets of 14 States, Mr. Chairman. The District raises $8 billion in local funds. While D.C is in a better financial position than most cities and States in this country, with a rainy-day fund of over $2 billion on a total budget of $14 billion, budget autonomy makes the District even stronger, as it must be, because it has no State fallback. Mr. Chairman, I yield back the balance of my time. Mr. GRAVES of Georgia. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman is recognized for 5 minutes. Mr. GRAVES of Georgia. Mr. Chairman, I have the greatest respect for Ms. Norton, and I appreciate her passion and zeal for the District. She advocates well for them. I hear my friends across the aisle speak about disregard for local law. Let me assure you, Mr. Chairman, this is truly not the case. Article I, section 8 of the Constitution gives Congress the power ``to exercise exclusive legislation in all cases whatsoever'' over the seat of government of the United States, which is the District of Columbia. The District of Columbia is neither a State nor a municipality; in fact, it is a District. Therefore, D.C derives all of its powers not from the sovereignty of statehood but from the delegation that is given to them by Congress. By the way, the Home Rule Act in 1973 has allowed D.C to assume more and more responsibility over time. This bill before you continues to appropriate D.C funds, as it has for the last 44 years. That is 44 years of Republican majorities and Democratic majorities. This changes nothing from that. It was under various administrations as well. This bill does not change the special and unique relationship between D.C and the Federal Government, because the D.C Budget Autonomy Act did not change that special, unique relationship between the District and the Federal Government whatsoever. The D.C Budget Autonomy Act only amended the Home Rule Act as adopted by the D.C Code. So no State, county, city, or hybrid like the District of Columbia can override the supremacy of the Constitution. Mr. Chairman, as we debate this each and every time, let me assure the body here that the District of Columbia has plenty of autonomy, but when it comes to spending, that is the role of Congress as given to us through the U.S Constitution. Mr. Chairman, I urge a ``no'' vote on the amendment, and I yield back the balance of my time. The Acting CHAIR (Mr. Rodney Davis of Illinois). The question is on the amendment offered by the gentlewoman from the District of Columbia (Ms. Norton). The question was taken; and the Acting Chair announced that the noes appeared to have it. Ms. NORTON. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from the District of Columbia will be postponed. The Acting CHAIR. It is now in order to consider amendment No. 198 printed in House Report 115-297. Amendment No. 199 Offered by Mr. Ellison Mr. ELLISON. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 590, strike line 1 and all that follows through page 591, line 14. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Minnesota and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Minnesota. Mr. ELLISON. Mr. Chairman, my amendment simply preserves the Consumer Financial Protection Bureau's independent funding and ensures that it is adequately funded. That is essentially what this is all about. This is very clear. The sides on this couldn't be more clear. My amendment is one of many this week, but I hope that people pay special attention to how folks vote on this particular amendment. This amendment is a clear litmus test. If a legislator wants to support [[Page H7346]] the work of the Consumer Financial Protection Bureau, if they want to support the work of $11.5 billion being returned to consumers, they should vote ``yes.'' A ``yes'' vote on my amendment means you want to protect Americans from fraud, deceptive practices, and rip-off schemes. A ``yes'' vote means you want banks, debt collectors, credit reporting agencies, payday lenders, and other finance companies to be held accountable if they rip off consumers. A ``yes'' vote means that you want honest and fair-dealing firms in the financial services space to be rewarded for their good work and for people who take advantage of consumers to be punished. We want to keep good companies good. How can you do that if good and bad get treated just alike? We need the CFPB. My amendment asks that you stand with Ari Booras, for example. As you may have seen on ``CBS Sunday Morning'' a few weeks ago, Harry Booras contacted the Consumer Financial Protection Bureau's consumer complaint center for help. His teenage son, Ari, joined the Army, just like mine did, and bought a used truck at a car dealer near his base. My boy was 18 when he went to the Army. Ari was the same age, I imagine. Yet that desire was taken advantage of. Teenage Ari joined the Army and bought a used truck at a car dealer near the base. The loan was way more than this private could possibly afford, with an extensive extended warranty and 18.5 percent interest. Private Booras would have paid three times more than Blue Book value for this $11,000 truck. He would have paid three times more. Yet he can't afford three times more. He is just a private trying to serve his country. The Consumer Financial Protection Bureau got Private Booras and 50,000 other servicemembers out of these predatory loans that ruin their finances and cause enormous stress in their lives. We need servicemembers thinking about protecting the country, not how to fight off some predatory lender. My amendment asks that you stand with Samir Hanef from Durham, North Carolina. Samir was one of more than half a million people who was wrongly charged for auto insurance when he took out a loan to buy a Honda Civic. Samir, a social worker, already had insurance, but Wells Fargo charged him and 20,000 others, customers, added insurance that made them miss payments. This led to their cars being repossessed in some cases. The numerous scandals at Wells Fargo--the forced insurance, fake accounts, overcharges at mortgage closing, signing customers up for life insurance without their consent, and other fraudulent practices-- are coming to light because of the work of the Consumer Financial Protection Bureau and its consumer complaint office. They need independence. Mr. Chairman, I reserve the balance of my time. Mr. LUETKEMEYER. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Missouri is recognized for 5 minutes. Mr. LUETKEMEYER. Mr. Chairman, in June, the House passed H.R 10, the Financial CHOICE Act, with overwhelming support. Section 713 of the Financial CHOICE Act contained language to subject the CFPB to the annual congressional appropriations process. Under the Dodd-Frank Act, the CFPB is funded out of the earnings of the Federal Reserve system. In order to obtain funding, the Director need only submit a letter to the Board of Governors and Federal Reserve each quarter certifying the amounts of funds determined by the Director to be reasonably necessary for carrying out the authorities of the Bureau. The Federal Reserve then transfers the stated amount to the Bureau for operations. Basically, the Federal Reserve serves purely as an ATM machine for the CFPB, and neither Congress nor the President has the ability to have any input into the Bureau's funding or oversight of whether that funding is spent effectively. The Bureau's funding is, therefore, different from other regulators that police markets for force and fraud, including the Federal Trade Commission, the Securities and Exchange Commission, Consumer Product Safety Commission, Commodity Futures Trading Commission, and all those which are funded principally through congressional appropriations. To return to a constitutional structure and create agency accountability, Congress must reclaim its power of the purse over the most potent tools the Constitution gives Congress for conducting oversight of Federal agencies and implementing the real reforms. There can be no consent of the governed if the American people, through their democratically elected Representatives, have no say in how their government spends their hard-earned dollars. To reassert Congress' power of the purse, the Financial CHOICE Act calls for all the Federal financial regulatory agencies, including the CLEA and FSOC, to be funded through the congressional appropriations process, ensuring that these agencies use their funding effectively and transparently to fulfill their mission of protecting consumers and investors. Like other executive branch agencies and other regulators that police the markets, the CFPB will have the chance to justify its expenditures to Congress as a part of the appropriations process. Congress can continue to fund ***programs*** that provide value to consumers and can stop funding ***programs*** that are mired in waste, fraud, and abuse. This is a basic accountability measure, no more, no less. It seems my good colleague across the aisle is fearful that we may do something to harm that ability. He is afraid of providing accountability for those dollars. That is our basic function and it is our responsibility. We must not miss this opportunity to reestablish separation of powers and restore the constitutional governance to the administrative state. Mr. Chairman, I reserve the balance of my time. Mr. ELLISON. Mr. Chairman, how much time do I have remaining? The Acting CHAIR. The gentleman from Minnesota has 1 minute remaining. Mr. ELLISON. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. Quigley). Mr. QUIGLEY. Mr. Chairman, I thank the gentleman for yielding. Before Dodd-Frank, consumer protection laws were enforced by a patchwork of different regulations, each focused on their own issues. The CFPB enhanced and simplified consumer regulation, consolidating enforcement into a single authority devoted to all aspects of consumer protection ranging from oversight over mortgages and credit cards to unregulated products previously, like payday and student loans. The Wells Fargo fake account scandal, which CFPB played a key role in exposing, and the more recent Equifax data breach show precisely why we need a well-resourced and functional CFPB. By subjecting the CFPB to the appropriations process, the goal is not to provide necessary oversight. Considerable accountability measures already exist. It is to starve them of funding and weaken their ability to do their job. We have seen this before with other financial regulators like the FCC and CFTC, who are still struggling to carry out Dodd-Frank rulemaking. Therefore, I ask my colleagues to preserve the independence, stand on the side of consumers, and vote ``yes'' on the Ellison amendment. {time} 1515 Mr. ELLISON. Mr. Chairman, I yield back the balance of my time. Mr. LUETKEMEYER. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky (Mr. Barr). Mr. BARR. Mr. Chairman, I thank the chairman's leadership on this, and, with all due respect to my friends on the other side of the aisle, this amendment is not about protecting consumers. This amendment is about protecting bureaucrats from accountability from the American people. You know, I don't know, for the life of me, why Members of Congress would not defend this institution, both Republicans and Democrats on both sides of the aisle defend this institution. Why on Earth would we give away the most complete and effectual power of [[Page H7347]] Congress--as James Madison said, ``the power of the purse''--away to unelected, unaccountable bureaucrats in the executive branch? When I asked Chair Yellen whether she approves the budget of the Bureau, she didn't know the answer to that basic question. We know that the CFPB is not accountable to the American people through their elected Representatives in Congress. That is by statutory design. That is what Dodd-Frank says. But we would hope that they would at least be accountable to the source of their funding, and they are not even accountable to the Fed. Defeat this amendment, support accountability, support the Constitution and restoring the power of the purse to the elected Representatives of the Congress. Mr. LUETKEMEYER. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. Rothfus). Mr. ROTHFUS. Mr. Chairman, I, too, rise in opposition of this amendment. The proponent suggests that his amendment is basically necessary for the functioning of the CFPB. It is not. The CFPB is going to continue to function but with the accountability of the American people. This amendment is inconsistent--inconsistent with the fundamental principle of American Government: of government of the people, by the people, and for the people. This amendment is inconsistent with the fundamental American principle of self-rule. That happens in this Congress. Congress needs to have authority over every part of the Federal Government, including the CFPB, so we can make the determination of what harm it may be bringing to consumers. We do know that consumers have been harmed with loss of free checking and losing their local community institutions because of the overregulation coming from this town. So I urge my fellow Members to defeat this amendment and to vote for accountability over the CFPB. Mr. LUETKEMEYER. Mr. Chairman, I yield 15 seconds to the gentleman from Georgia (Mr. Graves), chair of the Financial Services and General Government Subcommittee. Mr. GRAVES of Georgia. Mr. Chairman, I appreciate the work here by the gentleman making a great case on why this amendment is harmful to the American people and to the financial prosperity, and so I join them in my opposition, and their opposition as well, to this amendment and urge the House to defeat it. Mr. LUETKEMEYER. Mr. Chairman, may I ask how much time I have left. The Acting CHAIR. The gentleman from Missouri has 15 seconds remaining. Mr. LUETKEMEYER. Mr. Chairman, just to close, I would encourage all the Members to oppose the amendment. It is curious why we have someone here who is fighting the ability of Congress to do its job to provide oversight. So I ask the question: Are we fearful of somebody looking over the shoulder of CFPB? Why? What are they hiding? What are they not doing? What should we be worried about? I think, more than ever, we need to be looking over their shoulder. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. Ellison). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. ELLISON. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota will be postponed. Amendment No. 200 Offered by Mr. Ellison The Acting CHAIR. It is now in order to consider amendment No. 200 printed in House Report 115-297. Mr. ELLISON. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 563, strike line 16 and all that follows through page 566, line 3. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Minnesota (Mr. Ellison) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Minnesota. Mr. ELLISON. Mr. Chairman, my amendment preserves the CFPB's authority to protect people who live in manufactured housing, manufactured housing buyers. I am lucky to have the National Manufactured Home Owners Association based in my district. For the Record, they have written an excellent letter on behalf of this amendment, which I will include in the Record. Manufactured Housing Action. Representative Keith Ellison, House of Representatives, Washington, DC. Dear Congressman Ellison: We are writing to thank you for introducing the Ellison Amendment #200 to the Department of the Interior, Environment and Related Agencies Act of 2018 (H.R 3354). On behalf of the manufactured homeowners we represent, we our offering our organizational support for this amendment. MHAction empowers homeowners and residents in manufactured home communities to build and win local, state and national issue campaigns that strengthen the long-term viability and affordability of their communities. The work of MHAction is based on a set of core values, central to which are compassion for our neighbors and love of our communities. We believe that manufactured home communities play a key role in providing affordable, safe and accessible housing for all families, regardless of race, language, immigration status, class, religion, gender, or sexual orientation. MHAction currently represents over 19,000 manufactured homeowners in 28 states. It is vital that this amendment passes to protect manufactured home buyers, especially people of color that face higher levels of lending discrimination and seniors. We need to ensure that the Consumer Finance Protection Bureau retains the power to ensure that potential home buyers aren't steered into high fee and high interest loans. When people buy a home, it should help increase their stability and wealth, not damage their finances. Again, we would like to express our sincere thanks to your office for fighting to ensure that the Consumer Finance Protection Bureau can continue to protect manufactured home buyers from loans that strip away their economic and retirement security. Should you have any question, please feel free to contact MHAction's Executive Director, Kevin Borden. Our organization can easily put your office in touch with purpose-driven community leaders in numerous states that have been fighting to strengthen the economic and retirement security of manufactured homeowners. Sincerely, The MHAction Core Team. \_\_\_\_ National Manufactured Home Owners Association, St. Paul, MN, September 7, 2017. Representative Keith Ellison, House of Representatives, Washington, DC. Dear Congressman Ellison: On behalf of the 17 million people nationwide who live in manufactured homes, we offer our support for the Ellison Amendment No. 200 to the Department of the Interior, Environment and Related Agencies Act of 2018 (H.R 3354). This amendment prevents the roll back of vital Dodd-Frank consumer protections that would be especially harmful to low- and moderate-income families. Contrary to claims made by those making these changes, the current manufactured housing provisions in H.R 3354 would not expand access to credit and would not serve the interests of homeowners and communities. Instead, this bill would undermine already vulnerable homeowners by stripping away protections created by Congress and implemented by the Consumer Financial Protection Bureau. These protections were put in place for a reason: to give manufactured-home owners the same protections as traditional home owners. The last housing crisis showed that exorbitant loan pricing was a particular area of abuse. Congress and the CFPB decided to protect homeowners from these practices, but the current language in H.R 3354 would repeal these protections for the buyers of manufactured homes. The severity of this problem has been well-documented by investigations such as the one conducted by The Seattle Times and the Center for Public Integrity. In a series of articles published in 2015, it was reported that ``former dealers said the company encouraged them to steer buyers to finance with Clayton's own high-interest lenders.'' The investigation concluded that industry leader, ``Clayton relies on predatory sales practices, exorbitant fees, and interest rates that can exceed 15 percent, trapping many buyers in loans they can't afford and in homes that are almost impossible to sell or refinance.'' We support the Ellison Amendment No. 200 to H.R 3354 in order to retain the CFPB's efforts to protect manufactured home buyers from high cost loans. Please feel free to contact us with any questions. Sincerely, Dave Anderson, Executive Director. Mr. ELLISON. I am also very proud of the residents of the Park Plaza, a [[Page H7348]] manufactured home resident-owned community in my district. They tell me that being steered to high-cost loans makes homeownership more costly for families. Before Dodd-Frank and the creation of the Consumer Financial Protection Bureau, the manufactured home loan market was notoriously predatory. For example, a story in The Seattle Times, which I recommend Members read, tells the story of Kirk and Patricia Ackley, a construction worker and a Walmart employee in Washington State. More than a decade ago, they bought a new manufactured home big enough for their children and room to care for Patricia's dad, who had dementia. But their dream became a nightmare when the promised 7 percent interest rate was raised to 12.5 percent. This family faced crisis when this raised their monthly payment from $700 to $1,100. They had already invested $11,000 to build the concrete foundation for their new home. They took the loan, but it destroyed their finances and nearly cost them their marriage. The home was repossessed. A 2015 investigation by the Center for Public Integrity and The Seattle Times interviewed more than 280 customers of Clayton Homes. One person they interviewed was a member of the Navajo Nation. She said she learned about Clayton on Navajo radio. The ad recommended that she talk to a specific Navajo-speaking salesperson at a lot outside of the reservation. He told her that Vanderbilt Mortgage was the only source of finance for homes on the reservation. He didn't tell her the truth and overcharged her. Now it is illegal for a salesperson to steer buyers to high-cost loans because of new rules from the Consumer Financial Protection Bureau. But section 915 of the bill weakens those protections. Loans with high interest rates can be especially devastating to buyers of mobile homes since houses often depreciate quickly. A buyer with a high rate will still owe a large sum for many years on a home that can be almost impossible to sell or finance. That is because the value of the home can fall below the loan balance. Opponents of my amendment say that they want to help manufactured home buyers. That is a good thing. Yet none of them have cosponsored H.R 515, which would provide low-cost loans to owners of outdated mobile homes so they can buy ENERGY STAR homes, which would reduce their bills and save energy. None of them have joined me to cosponsor the Frank Adelmann Manufactured Housing Community Sustainability Act, which helps residents of mobile home communities form a cooperative and buy the land that they live on. Or what about H.R 3583 that gives manufactured homeowners located in communities the same tax benefits as those who own their own land? I have introduced these bills to try to help people who live in manufactured homes. We do and must stand with them because this is an affordable, and sometimes quality, housing option for people, and yet manufactured homeowners support my bills. Right here we have the National Manufactured Home Owners Association, which has said very clearly that my amendment is a good one. There is a way to help manufactured homeowners that does not involve overcharging them. There is a way forward to help owners of manufactured housing without helping Clayton Homes and its affiliates make more money off of them. And let's be clear, nearly no other lender benefits to this change to section 915. Ninety-one percent of the high-cost loans come from lenders owned by Clayton. The industry's second largest mobile home lender, Wells Fargo, didn't have a single loan in the high-rate pool in The Seattle Times study. Protect manufactured home buyers. Support my amendment No. 200. Mr. Chairman, I yield back the balance of my time. Mr. BARR. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Kentucky is recognized for 5 minutes. Mr. BARR. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, the examples raised by my friend, the gentleman from Minnesota, really have nothing to do with the provisions of the bill that the amendment seeks to strike. What the bill does do, the underlying bill, and I thank the gentleman from Georgia for including this in the Financial Services Appropriations bill--what the bill does is make targeted adjustments so that manufactured home loans are available in the market. Again, consumer protection is not denying people access to affordable housing, and that is what the gentleman's amendment would do. The Dodd-Frank Act does prevent predatory lending, but nothing in this language changes that at all. Instead of unrelated stories about consumer protections that the bill's provision will not change, let's get back to talking about how consumers are actually harmed by the rules we are seeking to change. Look, let's talk about real people who are affected negatively by overreach by the CFPB and Dodd-Frank, people in my district in Kentucky, in rural Kentucky where manufactured housing is one of the best affordable options and less expensive than renting. Let's talk about the hospital worker in Paducah, Kentucky, who was denied a loan of $38,500 to finance a manufactured home. He had an 8 percent down payment. His monthly income was $2,200 per month, plenty to cover the all-in housing costs of $670 per month. The payment for his own home would have been less than what he was spending on rent, but he was unable to get financing. Why? Because of the CFPB; because of Dodd-Frank; because of overregulation. He contacted his local banks and credit unions, but they no longer financed manufactured homes because of overregulation. Those harmed include those who currently live in and those who seek to purchase a manufactured home: retirees, veterans, working families, et cetera. And the Home Mortgage Disclosure Act data is clear. Consumers have been shut out of the market for quality affordable housing because regulations have caused financing to be less available for manufactured homes. I want to reserve the balance of my time, and I want to give some other Members an opportunity to say something about this, but I do want to just conclude by saying, this amendment, again, is not about consumer protection. The amendment protects consumers right out of their homes. That is not consumer protection. Keeping access to affordable homeownership is the American Dream. We shouldn't be denying that to people, especially in rural America. Mr. Chairman, I reserve the balance of my time, and may I ask how much time I have left. The Acting CHAIR. The gentleman from Kentucky has 2\1/2\ minutes remaining. Mr. BARR. Mr. Chairman, I yield 1 minute to the gentleman from Missouri (Mr. Luetkemeyer). Mr. LUETKEMEYER. Mr. Chairman, it is interesting, some of the debate we are having here this afternoon. We are picking around on the edges of some things and don't really understand the unintended consequences of what we are trying to do here. The amendment that is here, to try to change the definitions of what a mortgage originator and a high-cost mortgage to facilitate access to credit for purchasing manufactured homes, is going to do just the opposite of what the gentleman is trying to do. Do you realize that the gentleman from New Mexico (Mr. Pearce), in his district, he has testified in our committee that over 50 percent of the people in his district live in manufactured homes. This is not a little bitty problem of half a dozen people living over on the side. This is a major source of housing for many people. I can tell you, I have got a story right here from a banker in southeast Missouri who had an individual who has several disabilities, was a very honest man, wanted to come in and take care of a dental problem that he had, and his only collateral was a truck and his manufactured home. He wanted to make the loan on the manufactured home because he could stretch out the payments and do it at a less interest rate, but he couldn't do that. Why? Because the way the law is [[Page H7349]] structured, he had to do it on his car loan, and, as a result, it really strained and put difficulties in the way of--put barriers in the way of this individual. So I certainly am opposed to the amendment. Mr. BARR. Mr. Chairman, I yield 1 minute to the gentleman from Georgia (Mr. Graves). Mr. GRAVES of Georgia. Mr. Chairman, I thank Mr. Barr for his work on this. I mean, the language that the author of this amendment is trying to strip is actually language that improves the quality and affordability of housing for millions of Americans. So I appreciate Mr. Barr for trying to save Americans from the limited access to resources out there. Unfortunately, new regulations by the CFPB have limited access to financing options for manufacturing homes as well as many other things. {time} 1530 And, as a result, many lenders now today are no longer able to offer small balance loans, which are often used for the purchase of affordable housing, such as manufactured housing. We should be supporting and encouraging more access to financing. After all, we are talking about the American Dream, the ownership of your home. Don't take that away. I thank the gentleman for his work, and I urge a ``no'' vote on this amendment. Mr. BARR. Mr. Chairman, just to conclude, this is not about raising costs for people. This is about actually making it more affordable to own a home. There may be, in some cases, a higher interest rate for a manufactured home than a site-built home. But, remember, a manufactured home can be less than half the cost of a site-built home. So you are talking about overall affordability. Why would we deny people the opportunity to have overall affordability, as opposed to being forced into higher cost rent where they don't even own the American Dream, or being in a position where they can't afford at all? The only option available is a site-built home, a nonmanufactured home. Defeat this amendment, preserve access to rural affordable housing, be pro-consumer, and oppose this amendment. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. Ellison). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. ELLISON. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota will be postponed. Amendment No. 201 Offered by Mr. Ellison The Acting CHAIR. It is now in order to consider amendment No. 201 printed in House Report 115-297. Mr. ELLISON. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 598, strike line 12 and all that follows through page 599, line 2. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Minnesota (Mr. Ellison) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Minnesota. Mr. ELLISON. Mr. Chairman, my amendment is to preserve the Consumer Financial Protection Bureau's authority to regulate small-dollar loans. Sometimes people need access to more money quickly. We know that. Your car breaks down, your refrigerator dies, or your kid breaks a leg at a soccer game and you get hit with an unexpected health bill. Life happens sometimes, not on a ***plan***. We get that. Unfortunately, too many people--about half of families--do not have the adequate savings for the cushion. Right now, Mr. Chairman, about 63 percent of all Americans report that they do not know what they would do if hit with an unexpected $500 bill. If they take out a payday loan or a title loan, they can fall into a cycle of debt, and many people do. Instead of getting one $500 loan, most people get a repeat loan of 6 to 10, on average, paying additional fees each time, at 400 percent interest. So a $500 loan could cost thousands of dollars. More than 80 percent of the payday industry's revenues are generated by repeat borrowers, not one-and-done, Mr. Chairman. That is why the Consumer Financial Protection Bureau prioritized improving the small-dollar loan market. Unfortunately, language in this bill would stop the Consumer Financial Protection Bureau from moving forward to rein in abuses in the payday loans, auto title loans, and other similar debt traps. The Consumer Financial Protection Bureau has documented through extensive study how payday lending traps borrowers in a cycle of debt: one in three auto title loans in default, one in five borrowers using auto title loans have their cars repossessed. That is 20 percent. The Consumer Financial Protection Bureau is close to releasing guidance to improve this market. Its efforts are supported by a broad network of civil rights and consumer advocates, as well as faith-based leaders opposing predatory lending. I am really proud of Exodus Lending in my district. The Minneapolis Lutheran congregation recognized that too many of their congregants were stuck in debt traps. Their parishioners had jobs. They had bank accounts. But when they took out small-dollar loans, it gave lenders access to their bank accounts, which stripped out a third of their paycheck every 2 weeks. Instead of one loan, they ended up getting ten because they could not repay the first loan. So the Lutherans, working with Sunrise Banks, established an alternative. They made more than 100 loans to people stuck in debt traps. Other communities are creating small-dollar lending alternatives through employer assistance ***programs*** with for-profit partners. My amendment would simply allow the CFPB to finalize its rulemaking so cool ideas like these, to help people out of debt, could go forward. We need strong Federal standards so people can have access to small loans on a quick basis without falling prey to debt traps. Research from the Center for Responsible Lending shows that payday lending drains $3.4 billion a year nationally from consumers' pockets-- money that is no longer available to help pay for medicine, new tires, or any kind of emergency. The CFPB is very close to putting forth a better way to get private sector lenders involved. We could have a $300 loan with $60 fees that someone can repay. Let's allow the CFPB to move forward to better small-dollar loans. Please support my amendment. Mr. Chairman, I reserve the balance of my time. Mr. LUETKEMEYER. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Missouri is recognized for 5 minutes. Mr. LUETKEMEYER. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, in June, the House passed H.R 10, the Financial CHOICE Act, with overwhelming support. Section 733 of the Financial CHOICE Act contained language to remove the CFPB's authority to regulate small- dollar credit. Federalizing payday loan regulation is unnecessary and harms consumers. The legislatures of several States have determined the respective short-term small-dollar lending solutions that work for their constituents. No State is without small-dollar short-term lending laws and regulation of some kind. Congress has an obligation not to suspend the Democratic process in the States by delegating to the CFPB Director the authority to impose one unelected man's view on all Americans. Small-dollar and payday loan products are an unfortunate necessity for many unbanked and underbanked Americans. What is the APR for losing a job, Mr. Chairman? What is the APR for getting evicted and having your utilities shut off? What is the opportunity cost for struggling Americans no longer having access to this vital lifeline? Removing the option to utilize a small-dollar short-term loan is likely [[Page H7350]] to have a very real and very harmful impact on a consumer, forcing them to miss bill payments, shift to the alternative, potential legal options, or exacerbating any number of other conceivable financial emergencies that could arise. Mr. Chairman, I believe the best way to improve products is to promote competition and offering them, not ban them. The Financial CHOICE Act ensures that the market, not the regulators, is responsible for determining product viability in the marketplace. Mr. Chairman, CFPB's own study showed that their regulation was going to drive out of business 85 percent of the small-dollar lenders, and they still went ahead. They don't care. They intend to restrict credit to these very people that need the credit. An FDIC 2015 study shows that 25 percent of the people in this country are either unbanked or underbanked. How do we solve that problem? How do those folks have access to credit? The CFPB is not trying to regulate. They are trying to destroy the small-dollar lending market. Mr. Chairman, I reserve the balance of my time. Mr. ELLISON. Mr. Chairman, let's be clear, to get a payday loan, you have to have a bank account and a job. We are not talking about the unbanked. We are talking about people who run into a short-term financial crisis, they go to a payday lender, but the amount of the fees are so high that they have to borrow money to pay the money back, and they end up getting in a cycle of 6 to 10 loans that they have to continue to take out, which drains money from their finances. They lose bank accounts because of payday loans. We are saying: Let the CFPB allow the regulatory process, the rulemaking process, to go forward. Let's not chop it off, let's not stop it, and let's see what we can find out. People in my district have come up with some pretty innovative ways to go around the high-cost, high-APR payday lending scam. But if we just say, No, we are just going to take authority away from the CFPB, what we are really doing is subjecting Americans to the payday loan industry. Now, I don't want to take support from those guys, so I am happy to stand up here and say: Vote for my amendment. The Acting CHAIR. The time of the gentleman from Minnesota has expired. Mr. LUETKEMEYER. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Pennsylvania (Mr. Rothfus). Mr. ROTHFUS. Mr. Chairman, I rise in opposition to the amendment. Here we go again: another amendment defending another one-size-fits- all Washington solution, and a solution that the D.C Circuit Court of Appeals would say is going to be promulgated by the single most powerful official, other than the President, in the United States Government, an official that could effect the lives of countless Americans who are in need of short-term credit. This amendment is a solution in search of a problem. There is no regulation going on in payday lending. The fact is these transactions are being regulated. They are being regulated at the State level by legislators who know their States and their constituents. This CFPB action, if they act here, may very well remove the option to utilize a small-dollar short-term loan, and that is likely to have a very real and very harmful impact on the consumer, forcing them to miss bill payments, shift to alternative--potentially illegal--options, or exacerbating any number of other conceivable financial emergencies that could arise. Mr. Chairman, I urge my colleagues to oppose the amendment. Mr. LUETKEMEYER. Mr. Chairman, how much time do I have remaining? The Acting CHAIR. The gentleman from Missouri has 2 minutes remaining. Mr. LUETKEMEYER. Mr. Chairman, I yield 30 seconds to the gentleman from Georgia (Mr. Graves), the distinguished chairman of the Financial Services and General Government Subcommittee. Mr. GRAVES of Georgia. Mr. Chairman, I join this team here in opposition to the amendment. I want us just to think about what we have heard over the last several minutes of debate here of various amendments. First, we heard an amendment offered to take away the American Dream so that consumers couldn't buy a home at an affordable cost. Next, we are hearing that the other side of the aisle wants to take away the ability of small loans from individuals and consumers across the country. But even prior to that, they did not want the very agency that is causing this damage to have any oversight by Congress. This is maddening. This is amazing. I appreciate the good work that has been done by the Financial Services Committee. I am glad we have been able to incorporate a lot of the great work into this bill. Mr. Chairman, I join these gentlemen in opposition to the amendment because this is about making America prosperous again, and that is what this bill does. Mr. LUETKEMEYER. Mr. Chairman, I yield myself the balance of my time. Mr. Chairman, this is really frustrating to me from the standpoint that just a minute ago I gave the figure of 25 percent of our people are either unbanked or underbanked. My good colleague across the aisle said he is not worried that people who are unbanked can't have access to payday lending or short-term lending, and that is just not accurate. That is, quite frankly, in many instances, where people get their credit started. They go to someplace like this because they have a job. You can't get a payday loan or a small-dollar loan like this unless you have a job. They take the stub of their paycheck and they can go in and say, I have got a job. From there, they are able to then start paying back whatever the loan is that they take out. I have in front of me also a whole list of groups of folks and individuals here who have utilized short-term small-dollar ***programs***. Here is Michelle from Fulton, Missouri, in my own district. She says: My frustration to loan access today is that my 20-year-old daughter, who has a full-time, decent-paying job, cannot get a loan to buy her first vehicle. She isn't even able to get a credit card, which you used to be able to just apply for and you would get it. It is a catch-22: you need credit to get credit. But nobody will give you credit to begin with. This is an opportunity for a lot of people to get their foot in the door to get credit established and, if you have bad credit, to reestablish good credit. And it also helps people to take care of--and I have another whole bunch of stories here about a young man who needed to get a car loan to get his car fixed, as the gentleman from Minnesota indicated. So, again, Mr. Chairman, I oppose the gentleman's amendment, and I ask everybody else to do so as well. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Minnesota (Mr. Ellison). The question was taken; and the Acting Chair announced that the noes appeared to have it. Mr. ELLISON. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota will be postponed. It is now in order to consider amendment No. 203 printed in House Report 115-297. Amendment No. 204 Offered by Mr. Mitchell The Acting CHAIR. It is now in order to consider amendment No. 204 printed in House Report 115-297. Mr. MITCHELL. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 348, line 18, after the dollar amount, insert ``(reduced by $20,175,100)''. Page 354, line 22, after the dollar amount, insert ``(reduced by $33,083,700)''. Page 360, line 25, after the dollar amount, insert ``(reduced by $481,000,000)''. Page 377, line 18, after the dollar amount, insert ``(reduced by $5,500,000)''. Page 381, line 18, after the dollar amount, insert ``(reduced by $10,000,000)''. Page 392, line 11, after the dollar amount, insert ``(reduced by $7,853,800)''. Page 413, line 20, after the dollar amount, insert ``(reduced by $12,300,000)''. Page 446, line 17, after the first dollar amount, insert ``(reduced by $26,500,000)''. Page 634, line 16, after the dollar amount, insert (increased by $596,412,600). [[Page H7351]] The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Michigan (Mr. Mitchell) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Michigan. {time} 1545 Mr. MITCHELL. Mr. Chairman, our Nation faces a dire fiscal situation. We have reached our debt limit, we have lifted our debt limit, and we are now determining how to control our spending while still funding necessary ***programs***. What is worse, too many of our Federal regulations and mandates that we fund--or maybe more appropriately, the taxpayers fund--are unnecessary and exact burdensome, excessive costs on our constituents, both families and businesses. The reality is we can and we must make cuts to our government before financial markets make them for us. We can do that without impacting essential ***programs*** if we make the right targeted cuts. If we make those cuts, we can actually grow our economy by stopping overeager bureaucrats who seem to believe that everything--and I do mean everything--should be regulated until it no longer functions. Not only is such action possible, it is essential for the well-being of the American economy and our families. We in Congress need to be focused on growing and protecting Main Street, not protecting an already bloated Federal Government. The amendment I have proposed today makes a cut to the bureaucracy of several offices of Financial Services. These cuts are a modest 10 percent reduction of administrative expenses, which will save taxpayers over $596 million, annually. Let me repeat that. That is over half a billion dollars a year. If we put enough together, it is real money. One of the cuts included in the amendment is to the IRS. My amendment does not target IRS services, those that help taxpayers get a lost refund or have questions about filing. Lord knows those people need all the help they can get to understand our Tax Code. Rather, the amendment focuses on IRS enforcement. This is the part of the IRS that abused their power by targeting groups based on their political beliefs, victimizing groups and individuals for exercising their constitutional rights and trying to follow the rule of law. They misled Americans and took 3 years to provide a full list of organizations that were targeted for their political beliefs. This is an agency that must be stopped, and my amendment is a step towards doing so, while saving the American taxpayers money. I urge my colleagues to seriously consider my amendment as we work to secure our financial future and hold our government accountable. Mr. Chair, I reserve the balance of my time. Mr. QUIGLEY. Mr. Chair, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. QUIGLEY. Mr. Chairman, this type of amendment bluntly imposes cuts to government function without regard to merit or consequence. Indiscriminate cuts to the administration accounts in this bill would lead to weakened cybersecurity and increased threat of cyberattacks to the Department of the Treasury systems, poor administration of grants to small businesses, longer wait times for citizens seeking assistance from Federal agencies, longer processing times for issuing Federal payments, reducing the ability of the IRS to detect and deter tax cheats, costly short-term spending decisions, and widespread delays in civil and bankruptcy cases, just as a few examples. The underlying bill is already dangerously underfunded, having been cut by 6 percent below current levels. Furthermore, the administrative accounts were a large source of this reduction to total funding, and this amendment blindly strips nearly $600 million more out of these offices. This amendment would not encourage the agencies to do more with less. Simply put, it would force the agencies and our constituents to do less with less. Mr. Chair, I strongly urge Members to oppose this amendment, and I reserve the balance of my time. Mr. MITCHELL. Mr. Chair, I yield 1 minute to the gentleman from Georgia (Mr. Graves), my colleague and the chair of the subcommittee. Mr. GRAVES of Georgia. Mr. Chairman, I know Mr. Quigley and our team have worked hard on this bill, and there are a lot of tough decisions, no doubt about that. We have made some tremendously difficult decisions. I know Mr. Mitchell was sitting here with a mission from his constituency, and that was to ***produce*** savings, to find savings and to reduce the debt and the deficit. Mr. Chairman, I applaud his efforts. I know he has sharpened his pencil and he has done a lot of work, and I appreciate him bringing this concept before the House. Mr. QUIGLEY. Mr. Chair, just across-the-board cuts are an abdication of responsibility. It is up to us as appropriators to determine exactly what needs funding and at what levels. For those reasons, I ask my colleagues to oppose this amendment. Mr. Chair, I yield back the balance of my time. Mr. MITCHELL. Mr. Chair, I have to say, I am astonished at the response that an across-the-board cut is indiscriminate. It actually allows the agencies within their administrative accounts to manage money as they best see fit. The idea that we can't cut 10 percent of the budget only works in government. I spent a big part of my career in the private sector--over 30 years. I spent quite a period of time with the Chrysler Corporation in the original loan guarantee days, where Lee Iacocca said: If you can't cut 10 percent of your budget, I will find a new manager. We saved the company. It happens in the real world every day--Lord knows it happened after 2008 and the financial crash--yet somehow we are looking at government agencies and they can't save 10 percent in administrative costs. It is not possible to do it without Armageddon in Financial Services, without a cybersecurity crash, without all the fear-mongering that comes over a simple cut. If we are ever going to get to the point that we can afford the government we have, we have to have some fiscal limitations. We have to have some responsibility. Rather than these broad strokes of it is indiscriminate, if we target it, that will be a problem, too. I urge my colleagues to support an amendment that holds some accountability and saves half a billion dollars in the Federal budget and makes people simply manage within their resources like the rest of the world has to. Mr. Chair, I yield back the balance of my time. The Acting CHAIR (Mr. Luetkemeyer). The question is on the amendment offered by the gentleman from Michigan (Mr. Mitchell). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mr. QUIGLEY. Mr. Chair, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Michigan will be postponed. Amendment No. 205 Offered by Mr. Jenkins of West Virginia The Acting CHAIR. It is now in order to consider amendment No. 205 printed in House Report 115-297. Mr. JENKINS of West Virginia. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 360, line 25, after the dollar amount, insert ``(reduced by $6,000,000)''. Page 384, line 6, after the dollar amount, insert ``(increased by $6,000,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from West Virginia (Mr. Jenkins) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from West Virginia. Mr. JENKINS of West Virginia. Mr. Chairman, HIDTA, the High Intensity Drug Trafficking Area, is a critically important ***program*** that brings together Federal, State, and local law enforcement, and it is making a difference in my home State and in many parts of the country. [[Page H7352]] HIDTA is a flexible ***program*** that has helped law enforcement afford critical overtime and equipment that they would struggle to afford. This ***program*** is tackling our most challenging public health and safety issue of our time: the drug opioid epidemic. HIDTA is needed. The opioid epidemic is getting worse, and this is not a time to hold back on funding ***programs*** that work. At Thomas Health System in South Charleston, West Virginia, the number of infants born exposed to opioids and other drugs increased from 95 babies in 2013 to 189 babies in 2016. That is an increase of 99 percent in just 4 years. Overdose death rates continue to climb as well. In my home town in Huntington, overdoses in 2017 have already surpassed the number in 2016. In 2017, there have been 1,250 overdoses, an increase of--get this--450 percent since 2014, a 450 percent increase in 4 years. Just last year, West Virginia added two new HIDTA counties and another county's application is pending review. HIDTA works. It is evident, with counties across this country applying to become HIDTA counties, there is demand. We must increase funding for this critical ***program***. I urge adoption of this amendment. Mr. Chair, I yield 2 minutes to the gentleman from Kentucky (Mr. Barr). Mr. BARR. Mr. Chairman, I thank Congressman Jenkins for his leadership on this important issue. Mr. Chairman, I join my colleague from West Virginia in introducing this amendment, which seeks to increase funding to the High Intensity Drug Trafficking Area ***program*** by $6 million. Frankly, that is not enough, but it is an improvement over the status quo. This ***program*** is a proven ***program***, established to help combat the sale and distribution of illegal narcotics. I am greatly concerned about the current and future well-being of this Nation and States like my home Commonwealth of Kentucky, which, according to the Centers for Disease Control, has the third highest rate of fatalities due to drug overdose in the Nation, falling close behind West Virginia and New Hampshire. Members of my Sixth Congressional District of Kentucky Drug Abuse Task Force, which is comprised of local, State, and Federal experts in the fields of law enforcement, drug treatment, recovery, education, and prevention efforts, recommended increased funding for HIDTA initiatives to help fight this crisis. We hear it from our constituents, the heartbreaking stories of loved ones who have succumbed to addiction and the heartbreaking stories of first responders who are called to the scene of overdose deaths. In 2016 alone, HIDTAs took $17.3 billion of illicit drugs off the streets and out of our communities, which equates to a return on investment of $75 for every $1 in HIDTA budgeted in 2016. We can prudently use this return on investment to continue to help take narcotic drugs out of our communities while helping to provide funding for treatment and prevention efforts for nonviolent drug abusers. Mr. Chairman, we all personally know someone who has fallen to addiction by drugs or even fallen victim to a drug overdose. I ask my fellow colleagues to support this important amendment, which would truly make a difference in helping our communities fight this alarming epidemic. It is a workforce development issue. Many of the employers in Kentucky--and I know, in West Virginia as well--talk about the labor supply difficulties as a result of the addiction crisis, but even worse is the human tragedy. We know that this works. In Madison County, Kentucky, it has worked. Many other counties are applying for this money, and with that, there is more demand for more funding. Please support this amendment. Mr. JENKINS of West Virginia. Mr. Chair, I yield myself as much time as I may consume. Mr. Chairman, let me close by saying a deep, heartfelt thank you to Congressman Barr from Kentucky. He has been a stalwart in fighting this drug epidemic and supporting efforts like HIDTA. Mr. Chair, I thank the subcommittee chairman, Chairman Graves. He has been terrific in Financial Services. When you think about where we started in this process, he has brought us light-years away in funding for HIDTA. Mr. Chair, I thank the chairman of the full committee, Chairman Frelinghuysen. He has been terrific in, again, restoring much-needed funding. This amendment, if adopted, is an important final step needed to address this critical issue. Mr. Chair, I yield back the balance of my time. The Acting CHAIR (Mr. Rodney Davis of Illinois). The question is on the amendment offered by the gentleman from West Virginia (Mr. Jenkins). The amendment was agreed to. Amendment No. 206 Offered by Ms. Jackson Lee The Acting CHAIR. It is now in order to consider amendment No. 206 printed in House Report 115-297. Ms. JACKSON LEE. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 356, line 21 , after the dollar amount, insert ``(increased by $500,000)''. Page 361, line 17, after the dollar amount, insert ``(reduced by $1,000,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentlewoman from Texas (Ms. Jackson Lee) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from Texas. {time} 1600 Ms. JACKSON LEE. Mr. Chairman, my amendment is a very simple proposition of adding $500,000 to the Community Development Financial Institutions Fund, which supports locally based community organizations working to expand economic development, affordable housing, community banking, and financial services. The underpinning of this amendment is to enhance financial literacy, as seen by many of us in our district, as a very important component. Let me thank the chairman and ranking member for bringing this underlying bill to the floor, and let me indicate that this is a small measure, working with all of the agencies, to ensure that the many elements of financial documents or financial opportunities that low- income communities have, they will be informed and literate about how much to borrow and, as well, what opportunities they can take advantage of. Certainly, it will be impactful for those of us in areas where we have experienced the severe hurricanes and natural disasters that will be impacting our community for a long time. The CDFI provides for economic development, job creation, business development, and commercial real estate development, affordable housing, housing development, home ownership, community development, financial services, basic banking services to underserved communities, and financial literacy training. It also helps Native Americans through providing for financial assistance, technical assistance, and training to Native Americans CDFIs and other Native American entities proposing to become or create CDFIs. Through these ***programs***, direct investment is provided, supporting and training financial institutions that provide loans, investment financial services, and technical assistance to underserved populations. And I can assure you that the inequities in banking in low-income communities, the access to banking clearly suggests that more work needs to be done by the CDFI. Finally, I would make the point that our overall community experienced a major loss of wealth in the last 15 years, starting with the 2007-2008 mortgage debacle, which caused a lot of low-income people to lose wealth. The importance of helping them with financial literacy, I believe, is an important element. Mr. Chairman, I ask my colleagues to support the Jackson Lee amendment. Mr. Chair, thank you for this opportunity to speak in support of the Jackson Lee amendment to Division F of H.R 3354, the ``Interior and Environment Appropriations Act for Fiscal Year 2018.'' I wish to commend Chairman Graves and Ranking Member Quigley for their work in shepherding this legislation to the floor. Mr. Chair, the Jackson Lee amendment improves the bill by increasing funding by [[Page H7353]] $500,000 to the Community Development Financial Institutions Fund ***program*** for people receiving financial assistance and for the responsibilities that this very important subagency has. Treasury's Community Development Financial Institutions Fund ***program*** administers the Community Development Financial Institutions Fund, the CDFI. Through its various ***programs***, the CDFI Fund enables locally-based organizations to further goals such as: 1. economic development; 2. job creation, business development, 3. and commercial real estate development; 4. affordable housing; 5. housing development and homeownership; 6. community development financial services; 7. basic banking services to underserved communities; and 8. financial literacy training. The good news is that this spreads across the Nation, regardless of whether you live in an urban center or the rural countryside. Through these ***programs***, direct investment is provided supporting and training financial institutions that provide loans, investment financial services, and technical assistance to underserved populations and communities. From the perspective of Texas, this is a good thing because it emphasizes overall investment and development. CDFI also serves Native Americans through by providing financial assistance, technical assistance, and training to Native American CDFIs and other Native American entities proposing to become or create CDFIs. I appreciate very much the support this Committee has been given to CDFI and believe that the modest increase in funding provided by the Jackson Lee amendment will it enable it expand economic opportunity for more communities. Finally, let us remember that the loss of wealth in rural communities is creating hardships because, like urban dwellers, a substantial portion of their wealth, like, was tied to the value of their homes. The Jackson Lee amendment is intended to help restore and increase financial health among our individual families and communities. I urge all Members to support the Jackson Lee amendment. Mr. Chairman, I reserve the balance of my time. Mr. GRAVES of Georgia. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman is recognized for 5 minutes. Mr. GRAVES of Georgia. Mr. Chairman, I appreciate the gentlewoman's thoughts and advocacy for communities and developing them, and certainly our thoughts and prayers go to her and her constituencies that have been impacted through the recent hurricanes, as we do with Florida and the other Southeastern States. This is just one of those tough decisions that there are only limited resources that we had to work with, so we had to make some tough decisions. In fact, there are many areas in this bill that I wish we could provide additional resources for. But I am glad that we could take this from what was given to us originally, as zeroed out by the President in his recommendation, and we were able to begin backfilling it for these needed loans for communities to allow for some of the development to occur and small businesses to be able to thrive. So I know that, working with Ranking Member Quigley, we did what we could, and we both wish we could have done more. And I know, as we move forward through the process, we will continue looking at this. But, again, let me close by saying that I certainly understand the gentlewoman's thoughts on this, and I know that all of the committee supports her sentiment in this case. But because of the reasons I stated, the limited resources, and the tough decisions we had to make, I have to oppose this amendment and urge everyone to vote ``no.'' Mr. Chairman, I reserve the balance of my time. Ms. JACKSON LEE. While, I am clearly disappointed in the response, I am glad that I offered this amendment. I think the position is wrong as it relates to the needs to help individuals who have already suffered an enormous blow. In particular, financial literacy is an aspect that is certainly needed in low-income communities, and we can see the impact of not having the understanding of various financial opportunities. And the CDFI has done that, and particularly supporting Native Americans among many others. So I would ask my colleagues to support the Jackson Lee amendment because it is not a lot and it would add to this aspect of financial literacy, which we need. There are a lot of products that are out there, and I guess I might say that, as much as we have tried, with the Community Reinvestment Act, to assist or to encourage or to push our financial institutions to lend to our many diverse groups, low-income groups and minority populations, it is still a problem in getting access to funds by low- income communities. So the CDFI and the focused addition that I would add would, in fact, make a major difference, and I would ask my colleagues to support the amendment. Mr. Chairman, I yield back the balance of my time. Mr. GRAVES of Georgia. Mr. Chairman, I will close with this. The gentlewoman won't be the first to ever be disappointed in my response, I can assure you that. But let me just point out for the House here, she is asking for a half-a-million-dollar increase in this fund when, in fact, we increased it by $176 million over the President's request. So I think that is moving far away from where we started, and to a better spot. And while I wish we could provide a little bit more, we can't. Mr. Chairman, I urge a ``no'' vote, and I yield back the balance of my time. The Acting CHAIR (Mr. Franks of Arizona). The question is on the amendment offered by the gentlewoman from Texas (Ms. Jackson Lee). The amendment was rejected. Amendment No. 207 Offered by Mr. Huizenga The Acting CHAIR. It is now in order to consider amendment No. 207 printed in House Report 115-297. Mr. HUIZENGA. Mr. Chair, I rise to offer an amendment to suspend implementation of section 1502 of the Dodd-Frank Act. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: At the end of division D (before the short title), insert the following: Sec. \_\_. None of the funds made available by this Act may be used to implement, administer, or enforce a rule issued pursuant to section 13(p) of the Securities Exchange Act of 1934. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Michigan (Mr. Huizenga) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Michigan. Mr. HUIZENGA. Mr. Chairman, this misguided provision in Dodd-Frank requires the Securities and Exchange Commission to mandate that public companies disclose whether so-called ``conflict minerals'' they use in their products benefit armed groups in the Democratic Republic of the Congo and its nine adjoining countries. Despite its best intentions, section 1502 has been ineffective and, in some cases, has been shown to have increased violence is central Africa. That is why this suspension that I am proposing passed the House last year as an amendment to the FSGG appropriations bill, and a full repeal of section 1502 passed the House this Congress as part of the Financial CHOICE Act. Conflict minerals refer to tin, tungsten, tantalum, and gold, which have been used in a variety of products, from cell phones, cosmetics, jewelry, footwear, apparel, and even auto suppliers located in west Michigan. Mr. Chairman, the breadth of voices opposing section 1502 is remarkable, and I would like to start with those that matter most. For too long, the people of central Africa have been overlooked in this debate, even though they are the ones who suffer from Dodd-Frank's unintended consequences. I include in the Record an open letter from 70 Congolese leaders and other regional experts. An Open Letter Dear governments, companies, non-governmental organisations, and other stakeholders implicated in efforts of various kinds related to the issue of `conflict minerals', In early 2014, two international industry giants--Intel and Apple--issued refined corporate social responsibility policies for minerals sourced in the eastern Democratic Republic of the Congo (DRC). The announcements followed an unprecedented wave of [[Page H7354]] guidelines, law-making, and initiatives over the past few years to `clean up' the eastern DRC's mining sector, and were met with widespread praise. Perhaps the most widely publicised of these efforts is US legislation known as Section 1502 of the Dodd-Frank Act, which asks all companies registered on the US stock market to reveal their supply chains to the Securities and Exchange Commission (SEC) when sourcing minerals from the eastern DRC or neighbouring countries. Canada is in the advanced stages of developing similar legislation, and many other countries are looking closely at the issue. The European Union has introduced a voluntary conflict minerals regulation scheme for all member states, and the United Nations (UN) and Organisation for Economic Cooperation and Development (OECD) have developed guidelines on sourcing natural resources in high-risk areas such as the eastern DRC. These efforts primarily target artisanal (or `informal') mining in the eastern DRC, due to widespread international recognition that so-called conflict minerals (most notably tin, tantalum, tungsten, and gold) ***produced*** by artisanal mining in this part of the world have helped conflict actors generate revenue to finance their operations in the DRC over the past two decades. The Situation Despite successes of activists in shaping policy, the conflict minerals campaign fundamentally misunderstands the relationship between minerals and conflict in the eastern DRC. First, while the minerals help perpetuate the conflict, they are not its cause. National and regional political struggles over power and influence as well as issues such as access to land and questions of citizenship and identity are just some of the more structural drivers of conflict. The ability to exploit and profit from minerals is often a means to finance military operations to address these issues, rather than an end in itself. Internal UN assessments, for instance, show that only 8% of the DRC's conflicts are linked to minerals, and specific motivations vary greatly across the vast array of different armed groups. Second, armed groups are not dependent on mineral revenue for their existence. The eastern DRC is a fully militarised economy, in which minerals are just one resource among many that armed groups--and the national army FARDC--can levy financing from. The M23, until recently the most powerful non-state armed group in DRC, never sought physical control over mining activity. Moreover, few local stakeholders have been included in on- going international policy-making, and as a result realities on the ground have not always been taken into account. Setting up the required systems and procedures to regularly access and audit thousands of artisanal mining sites in isolated and hard-to-reach locations spread across an area almost twice the size of France would be a challenge for any government. In the eastern DRC, where road infrastructure is poor to non-existent and state capacity desperately low, the enormity of the task is hard to overstate. But in demanding that companies prove the origin of minerals sourced in the eastern DRC or neighbouring countries before systems able to provide such proof have been put in place, conflict minerals activists and resultant legislation--in particular Section 1502 of the Dodd-Frank Act--inadvertently incentivize buyers on the international market to pull out of the region altogether and source their minerals elsewhere. The Result As a result, the conflict minerals movement has yet to lead to meaningful improvement on the ground, and has had a number of unintended and damaging consequences. Nearly four years after the passing of the Dodd-Frank Act, only a small fraction of the hundreds of mining sites in the eastern DRC have been reached by traceability or certification efforts. The rest remain beyond the pale, forced into either illegality or collapse as certain international buyers have responded to the legislation by going `Congo-free'. This in turn has driven many miners into the margins of legality (for instance, feeding into smuggling rackets), where armed actors return through the loopholes of transnational regulation. Others have simply lost their jobs, and in areas where mining has ceased, local economies have suffered. To put this in context, an estimated eight to ten million people across the country are dependent on artisanal mining for their livelihood. Some former miners have returned to subsistence ***agriculture***, but persisting insecurity levels leave them in abject poverty facing dire living conditions, in fear of missing harvests due to displacement. Others have been prompted to join militias as a means to quick cash in the absence of other opportunities; a particularly perverse impact, when one considers the intentions of the movement. Alongside the impact on mining communities and local economies, several armed groups have responded by turning to different businesses such as trading in charcoal, marijuana, palm oil, soap, or consumer goods. Those remaining in the mining sector have largely traded mineral exploitation on site for mineral taxation a few steps down the supply chain, operating numerous roadblocks that can bring in millions of dollars a year. Others are reported to have sent in family members or civilian allies to run business for them on site, while they remain safely at a distance. For the few mining sites fortunate enough to be reached by Joint Assessment Teams responsible for determining their `conflict-free' status, these teams have been unable to provide the regular, three-month validation visits envisaged in legislation. There is an additional delay of several months following these visits before the Congolese Ministry of Mines reviews and approves the assessment at the national level. Given the speed at which situations can change in volatile environments, infrequent assessments and lengthy delays raise concerns over the accuracy of certification and the credibility of the system. More worrying still, multinational corporations such as Apple and Intel are auditing smelters to determine the conflict-free status of the minerals they source, and not the mines themselves. As smelters are located outside of the DRC and audits are not always conducted by third parties, these processes raise further concerns over whether conflict-free certifications reflect production realities. By far the most advanced site in terms of ***producing*** `conflict-free' minerals for sale to the international market is Kalimbi, a tin mining area home to externally-financed initiatives running an industry-led bagging-and-tagging scheme called iTSCi. Yet even here, despite the establishment of a `closed pipeline' from mine to exportation, the mine still suffers from the sporadic influence of armed actors, and miners are made to bear the additional costs of `conflict-free' schemes. This raises further concerns over the credibility of the system in place, and its suitability for the scale-up and expansion to other, more remote mine sites currently underway. Coupled with slow progress in implementation, the trend towards the monopolisation of `conflict-free' supply chain initiatives, in particular traceability by iTSCi, is economically damaging to local populations since it currently excludes and isolates the overwhelming majority of mining communities from legal access to international markets. The Alternative There is broad consensus for the need to clean up the eastern Congo's minerals sector, yet much disagreement about the international community's current model for achieving this goal. As such, efforts to improve transparency in the eastern DRC's mineral supply chains should continue. Yet a more nuanced and holistic approach that takes into account the realities of the eastern DRC's mining sector and the complexity of the conflict is needed. To this end, we make the following five recommendations: Improve consultation with government and communities: Congolese government and civil society were poorly consulted on Section 1502 of the Dodd-Frank Act prior to its passing, and as a result many were unaware of its implications. The few who were consulted were unanimously pro-Dodd-Frank, creating additional conflicts on local levels where endorsement and dissent compete. More Congolese voices must be listened to, and the local context and power structures taken into account. This would ensure greater understanding of the local context and better harmonisation with existing national and regional initiatives, such as the International Conference of the Great Lakes Region's (ICGLR) Regional Initiative against the Illegal Exploitation of Natural Resources. Work towards meaningful reform: The audit process should be designed to improve policies and practices rather than to just provide window-dressing. The dominant belief that static oversight and validation processes ensure `conflict-free' mineral trade is misplaced given the volatile security situation in most of the eastern DRC. Both mines and smelters should be regularly inspected and the time period between inspection and certification minimized. Where this is not feasible, additional waivers or similar measures should not be ruled out. Create incentives towards better practice: Legal frameworks must be supported by real projects on the ground that can meet their requirements. If this is not possible--which is clearly still the case today, nearly four years after the passing of Dodd-Frank--then transition periods must be extended and the lowering of excessively high standards for `conflict-free' minerals should be considered. Similarly, former conflict actors should be incentivised where appropriate to join new `conflict-free' schemes. This may help avoid the eventual subversion or infiltration of the `clean' system put in place, as has been seen to date. Promote fair competition: Regulation must be based on competition that allows not only international businesses but also Congolese ***producers*** to influence (i.e increase) local price schemes. This in turn would encourage a regime that ensures minimum wages which mining cooperatives can guarantee to their members based on their increased leverage on the price fluctuation. Widen the lens: Root causes of conflict such as land, identity, and political contest in the context of a militarized economy, rather than a single focus on minerals, must be considered by advocates seeking to reduce conflict violence. Furthermore, efforts to eradicate conflict minerals should not overlook the fact that artisanal mining is a key livelihood in the eastern DRC that holds as much potential to help steer the region away from conflict as it does to contribute towards it. More supportive measures are needed-- such as those found in the earlier 2009 [[Page H7355]] draft of the US Conflict Minerals Act--that can help capture the economic potential of artisanal mining. Finally, other critical challenges such as access to credit, technical knowledge, hazardous working conditions, and environmental degradation should not be ignored by multinational corporations if they seek to improve business practices and increase transparency in their supply chains. So far, progress has been made in ***producing*** more ethical products for consumers, but stakeholders have not yet proceeded to improve the lives of Congolese people, nor address the negative impact current `conflict-free' initiatives are having. If the conflict minerals agenda is to lead to positive change on the ground, legislation passed by national governments and steps such as those outlined by Apple or Intel need to be grounded in a more holistic approach that is better tailored to local realities. Failure to do so will continue to seriously limit the ability of conflict minerals initiatives to improve the daily lives of the eastern Congolese and their neighbours. Worse, these initiatives will risk contributing to, rather than alleviating, the very conflicts they set out to address. List of Signatories 1. Aloys Tegera (Director, POLE Institute Goma) 2. Ann Laudati (Lecturer at the School for Geographical Sciences, University of Bristol) 3. Ashley Leinweber (Assistant Professor of Political Science, Missouri State University) 4. Ben Radley (Researcher, International Institute of Social Studies & `Obama's Law' ***Producer***) 5. Bonnie Campbell (Professor of Political Science, Universite du Quebec a Montreal) 6. Christiane Kayser (Independent Analyst & Civil Peace Service-Bread for the World mobile team) 7. Christoph Vogel (Researcher, University of Zurich & Independent analyst/writer) 8. Cyprien Birhingingwa (Executive Secretary, COSOC-GL & Coordinator of CENADEP Kivu) 9. Daniel Rothenberg (Professor of Practice, School of Politics and Global Studies, Arizona State University) 10. David Rieff (Independent Author and Commentator). 11. Deo Buuma (Executive Secretary, Action pour la Paix et la Concorde--APC, Bukavu) 12. Didier de Failly s.j (Directeur, Mason de Mines du Kivu, Bukavu) 13. Dominic Johnson (Africa Editor and Deputy Foreign Editor, die tageszeitung) 14. Dorothea Hilhorst (Professor of Humanitarian Aid and Reconstruction, Wageningen University) 15. Emmanuel Shamavu (Director, APRODEPED, Bukavu) 16. Eric Kajemba (Coordinator, Observatoire Gouvernance et Paix, Bukavu) 17. Esther Marijnen (Researcher, Institute for European Studies/Vrije Universiteit Brussel) 18. Evariste Mfaume (Executive Director, ``Solidarite des Volontaires pour l'Humanite'') 19. Gabriel Kamundala (Researcher, CEGEMI & Universite Catholique de Bukavu) 20. Ganza Buroko (Cultural Operator & Coordinator of Yole!Africa, Goma). 21. Godefroid Ka Mana (Professor, ULPGL Goma & UEA Bukavu & Universite Kasavubu Boma) 22. Godefroid Muzalia (Professor, Institut Superieur Pedagogique de Bukavu) 23. Henning Tamm (Postdoctoral Prize Research Fellow, Nuffield College, University of Oxford) 24. Herbert Weiss (Emeritus Professor of Political Science, City University of New York) 25. James Smith (Associate Professor of Anthropology, University of California/Davis) 26. Jean Ziegler (Former UN Special Rapporteur for the Right to Food and Professor at University of Geneva) 27. Jeroen Cuvelier (Postdoctoral Researcher, Wageningen University and Ghent University) 28. John Kanyoni (Independent Consultant and Vice-President of the Congolese Chamber of Mines) 29. Josaphat Musamba (Assistant Professor, Universite Simon Kimbangu of Bukavu) 30. Joschka Havenith (Independent Researcher and Consultant, Cologne). 31. Jose Diemel (Researcher, Special Chair for Humanitarian Aid & Reconstruction, Wageningen University) 32. Joshua Walker (Postdoctoral Research Fellow, University of the Witwatersrand) 33. Josue Mukulumanya (President of the South Kivu mining cooperatives board GECOMISKI) 34. Justine Brabant (Independent Researcher and Journalist) 35. Juvenal Munubo (Member of Parliament, Democratic Republic of the Congo) 36. Juvenal Twaibu (Director, Centre Independant de Recherches et d'Etudes Strategiques au Kivu) 37. Ken Matthysen (Researcher on artisanal mining in eastern Congo, Antwerp) 38. Kizito Mushizi (Member of Parliament, Democratic Republic of the Congo) 39. Koen Vlassenroot (Director, Conflict Research Group & Professor, Ghent University) 40. Kris Berwouts (Independent Consultant and Author). 41. Kristof Titeca (Assistant Professor, University of Antwerp) 42. Laura Seay (Assistant Professor of Government, Colby College) 43. Ley Uwera (Independent Journalist and Author, Goma) 44. Loochi Muzaliwa (***Programme*** Coordinator, Life and Peace Institute DRC) 45. Micheline Mwendike (Activist, on behalf of LUCHA--Lutte pour le Changement/Struggle for Change) 46. Manuel Wollschlager (Conseiller Technique, ZFD-AGEH in Bukavu) 47. Milli Lake (Assistant Professor, Arizona State University) 48. Nicole Eggers (Assistant Professor of African History, Loyola University New Orleans) 49. Odile Bulabula (Deputy Coordinator, RIO--Network for Organisational Innovation, Bukavu) 50. Padraic MacOireachtaigh (Regional Advocacy and Communications Officer, Jesuit Refugee Service). 51. Pamela Faber (Researcher, St Catherine's College, University of Oxford) 52. Passy Mubalama (Independent Journalist and Author, Goma) 53. Paul Muhindo Mulemberi (Member of Parliament, Democratic Republic of the Congo) 54. Paul-Romain Namegabe (Professor of Law, Director of CEGEMI, Universite Catholique de Bukavu) 55. Paulin Bishakabalya (Director of Humanitarian Assistance and Development Committee, Bukavu) 56. Peer Schouten (Postdoctoral Researcher, University of Gothenburg) 57. Phil Clark (Reader in Comparative and International Politics, SOAS / University of London) 58. Rachel Niehuus (Postdoctoral Researcher at University of California, San Francisco) 59. Rachel Strohm (Researcher in Political Science, University of Berkeley) 60. Raf Custers (Independent Journalist and Author on Mining). 61. Remy Kasindi (Director, Centre for Research and ***Strategic*** Studies in Central Africa, Bukavu) 62. Rodrigue Rukumbuzi (Coordinator, AGAPE-Hauts Plateaux, Uvira) 63. Rosebell Kagumire (Independent Consultant and Blogger, Kampala/Addis Ababa) 64. Salammbo Mulonda Bulambo (Director, PIAP, Bukavu) 65. Sara Geenen (Postdoctoral Researcher, Institute of Development Policy, Antwerp University) 66. Sekombi Katondolo (Director, Radio Mutaani, Goma) 67. Severine Autesserre (Assistant Professor, Barnard College, Columbia University) 68. Thomas Idolwa Tchomba (Consultant and Mining Expert, Goma) 69. Timothy Makori (Researcher, Department of Anthropology, University of Toronto) 70. Timothy Raeymaekers (Lecturer in Political Geography, University of Zurich) 71. Yvette Mwanza (President of the Mining Committee, Federation des Entreprises Congolaises North Kivu) 72. Zacharie Bulakali (Independent Researcher on mining in eastern Congo). All the signatories listed express their support to the open letter in its above form but not necessarily approve of accompanying opinion pieces and/or explanatory notes, which remain their respective authors' views. Mr. HUIZENGA. Mr. Chair, they state in the letter that section 1502 provisions ``. . . inadvertently incentivize buyers on the international market to pull out of the region altogether and source their minerals elsewhere. ``As a result, the conflict minerals movement has yet to lead to meaningful improvement on the ground, and has had a number of unintended and damaging consequences.'' Dodd-Frank's impact on African miners may seem unimportant to many rich-country activists, but in the Congo, it has been the question of life or death. According to a Washington Post article entitled ``How a well- intentioned U.S law left Congolese miners jobless,'' section 1502 ``set off a chain of events that has propelled millions of Congolese miners and their families deeper into poverty.'' The article goes on to share the story of how a Congolese teenager could no longer feed himself after Dodd-Frank ravaged the country's mining sector, forcing the young man to actually join an armed group; the outcome diametrically opposed in the goal of section 1502. Mr. Chairman, no one can claim that these effects were unforeseeable. In fact, in a letter to the SEC commenting on section 1502, leaders from three Congolese mining cooperatives predicted that the conflict minerals rule would lead to a devastating boycott. These miners wrote: ``We cannot continue to suffer any longer. Do we now have to choose between dying by a bullet or starving to death?'' I ask my colleagues to remember the Congolese aren't alone in their suffering. The SEC's rules apply to nine [[Page H7356]] other nations as if they were all one single country. Section 1502 treats over 230 million Africans living in 10 distinct nations as one undifferentiated group. Dodd-Frank's supporters will say that at this point, some countries neighboring Congo may help smuggle minerals on behalf of armed groups, which is why we need to paint with such a broad brush. But I would ask my colleagues to name another example where a country's economy and each of its neighbors is targeted due to a presumed smuggling risk. Do we design Russia sanctions to apply to each of its 14 adjoining countries, too? Do Iranian sanctions implicate all seven of its neighbors? Perhaps advocates for section 1502 believe that there is no smuggling from Russia and Iran, but the real issue seems to be this: Dodd-Frank supporters have no problem treating Africans differently from other regions of the world. I find that troubling. So now let's consider implementation of section 1502 itself. In April of this year, the GAO reported that section 1502 has ***produced*** little meaningful information on conflict mineral sourcing. It found that more than half of the companies in 2016 couldn't even determine what country their minerals came from. Most importantly, virtually none of the companies could tell whether their minerals benefited armed groups, a conclusion that echoed GAO's findings from 2015 and 2014 as well. No wonder companies can't figure this out, Mr. Chairman. Even the Department of Commerce has reported that it is unable to determine whether smelters around the world use minerals traceable to armed groups. In other words, Dodd-Frank is asking U.S companies--some of which are very small and medium-sized entrepreneurs in large corporations' supply chains--to ***produce*** information that even the Federal Government can't provide. As if that weren't enough, the courts also struck down parts of section 1502 for violating companies' First Amendment rights. The Trump administration's SEC has had enough of section 1502 failures, and is now reexamining the conflict mineral rule. The State Department is now conducting a review to see how responsible sourcing can be undertaken more effectively. The amendment I am offering today would suspend section 1502 while the administration completes its assessment. Mr. Chairman, the facts I have laid out on section 1502 aren't partisan, and a suspension shouldn't be either. So let me close with the words of Barack Obama's Securities and Exchange Commission Chair, Mary Jo White, who, in 2013, said: ``Seeking to improve safety in mines for workers or to end horrible human rights atrocities in the DRC are compelling objectives, which, as a citizen, I wholeheartedly share. But as Chair of the Securities and Exchange Commission, I must question, as a policy matter, using the Federal securities laws and the SEC's powers of mandatory disclosure to accomplish these goals.'' It should tell us something when even Democrats' own Securities and Exchange Commission Chair warns that Dodd-Frank overreached on conflict minerals. A suspension would be something that Republicans and Democrats can agree on, and I urge my colleagues to support this amendment. Mr. Chairman, I yield back the balance of my time. Ms. MOORE. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentlewoman from Wisconsin is recognized for 5 minutes. Ms. MOORE. Oh my, my, my, Mr. Chairman, and my good friend from Michigan. The fact of the matter is that section 1502 is, in fact, working. The GAO report that Mr. Huizenga referred to actually said that the civil war and conflict is, in fact, diminishing as section 1502 is being implemented. It is working better and sooner than I thought it would be. Just a little bit of a refresher course for you, Mr. Chairman. The minerals contained in consumer electronics that we all use--TVs, cell phones--are fueling war and conflict in the Congo. And I am not talking about a little skirmish here. I am talking about, we are funding armed militias, and it is a civil war on a scale of deaths that compare with World War II, and notable for its brutality, its savagery, its mutilation, rape. I can tell you that our good GOP friends say that it is a laudable goal to stop these civil wars, but it just doesn't belong in securities law; the logic being the transparency doesn't belong in security law. Oh, okay. Well, I can tell you that companies find that it is material, a security term of art, whether their brand is tarnished with literally the blood of children and enslaved workers that are standing there, I would suspect, with some of these Congolese who want section 1502 to go away, who are running these armed militias for profit. So do consumers and so do investors. Hence, the rise of socially-conscious mutual funds that are regulated by the SEC. I notice that my comrades have not introduced--there's nothing in this amendment that would provide for ending this kind of civil war on the scale of World War II in their amendment. I want to say, because of the United States' leadership on conflict minerals, the EU and China are enacting their own versions of implementing prohibitions against the receipt of conflict minerals. This amendment puts America last in world leadership. I do realize the gentleman had the right to close, but his time having been consumed, I will go on to report to you, Mr. Chairman, that more than 75 percent of the world's smelters for the four minerals now have passed conflict-free audits. Companies are putting this in place and they are finding that they are happy with it; that the costs of implementing it are less than they thought it would be, much less than they thought it would be; and they are receiving a premium for these metals if they can, in fact, report that they are conflict-free. {time} 1615 According to the United Nations, as of 2016, over three-quarters of 3T miners surveyed in eastern Congo are working in mines where there is no armed group standing over them. That is according to an independent study. Today, 78 percent of the world's smelters for the four minerals have now passed conflict-free audits, or 253 smelters in total. The record is abundantly clear. Section 1502 is working. Now, he talked about Congolese leaders who don't like it. These are people who are profiting from the armed conflict, but there are Congolese communities and leaders who support section 1502 because they are seeing the improvements in security and rule of law. For example, Justine Masika Bihamba, the coordinator of Synergy of Women for Victims of Sexual Violence says: ``Ten years ago, we were under the de facto control of armed groups. Today, let's admit we are a long way from that. And if we are honest, that is in part because of Dodd-Frank.'' Bishop Nicolas Djomo came before our committee and said: ``We urge the U.S business community to account for the gruesome social costs of the illicit mining as they calculate their cost for compliance with section 1502.'' There is a moral dimension to this that we cannot ignore. If we want to make America great again, let's not cede our moral authority on this issue. Mr. Chairman, I would ask my colleagues to vote against this amendment, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Michigan (Mr. Huizenga). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Ms. MOORE. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Michigan will be postponed. It is now in order to consider amendment No. 208 printed in House Report 115-297. Amendment No. 211 Offered by Mr. Heck The Acting CHAIR. It is now in order to consider amendment No. 211 printed in House Report 115-297. Mr. HECK. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. [[Page H7357]] The text of the amendment is as follows: Page 348, line 18, after the dollar amount, insert ``(reduced by $3,800,000)''. Page 447, line 13, after the dollar amount, insert ``(increased by $3,800,000)''. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Washington (Mr. Heck) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Washington. Mr. HECK. Mr. Chairman, I rise today to offer a bipartisan amendment in support of the Small Business Administration's ScaleUp ***program***. Like many of you, one of my favorite things to do when I am back home is to visit local businesses, businesses like Beech Tree Woodworks in Olympia, which just invested in some amazing new cutting-edge machinery; or Zoe Juice Bar in Olympia, which opened with just four employees not that long ago, and they now have more than a dozen, and they are still growing. These businesses have all expanded with the help of SBA's ScaleUp ***program***. ScaleUp is a ***program*** that gives small businesses the tools they need to become not so small anymore. It works within existing community networks to provide the education and technical assistance and access to capital that small businesses need to grow. I include in the Record an article from my hometown newspaper which discusses the positive impact ScaleUp has had on our community. Why Is Trump's Pro-Business Administration Hurting Businesses in Thurston County? (By Rolf Boone) President Donald Trump once declared that he would be the ``greatest jobs president that God ever created.'' After a recent decision to cut a business owner training ***program*** in Thurston County--and 14 other locations around the country--some might question Trump's claim. ``The ***program*** was under review by the Trump Administration and the decision was made to let the ***program*** expire in its entirety at the end of September,'' said Melanie Norton, a spokeswoman for the Northwest region of the U.S Small Business Administration. Locally, the ***program*** was known as ScaleUp Thurston, a multi-week course that helped businesses beyond the start-up stage grow. The two-year-old ***program*** was based in Lacey at the Center for Business & Innovation, a partnership of the Thurston Economic Development Council, its business resource center and South Puget Sound Community College. Celia Nightingale is the director of the center. ScaleUp received about $200,000 a year from the SBA, she said. The decision to discontinue the ***program*** clearly was not data driven because it ***produced*** results, with businesses increasing their revenue and adding employees, Nightingale said. ``I find it hard to believe,'' said Kevin Leneker about the decision. Leneker is chief executive of Olympia-based Single Handed Consulting, a vocational rehabilitation business that helps injured workers return to work. After participating in ScaleUp in 2016, his revenue grew 57 percent and he increased his staff to 25 from 10. The course taught him to step back and think bigger picture about the future of his business. ``Work on your business, not just in it,'' he said. Jason Phillips, owner of Zoe Juice Bar in Olympia, also took part in ScaleUp. Phillips said the course allowed him to fine-tune his business systems and procedures. It also introduced him to other business owners and the importance of networking. His juice bar opened in December 2013, followed by a production space for cold-pressed juice in Tumwater. His business opened with four employees. He now has 12-14, he said. ``It's really disappointing,'' he said. ``It was a great resource for small businesses, and small business represents jobs and families'' ``You feel like you had a friend in your corner,'' he added about ScaleUp. ScaleUp may have been viewed as a duplication of services already offered by the SBA's Small Business Development Center, Nightingale said. Leneker praised the services of the Small Business Development Center, but he thinks there was little overlap. ``Not even close,'' he said. Nightingale said the current ScaleUp ***program*** will run through Sept. 29. After that, the ***plan*** is to seek grants and corporate sponsorships to keep it going, she said. Perhaps the city of Lacey will step up with some funding. Lacey City Council recently learned about ScaleUp's end after Councilwoman Rachel Young, a small business owner who serves on the Thurston EDC board, reported the news to a stunned council on July 13. That led business owner and Mayor Andy Ryder to wonder aloud about possibly funding the ***program***. It wouldn't be the first time the city has stepped up when the federal government would not. The city led the creation and funding of the Veterans Services Center Hub. Mr. HECK. SBA currently ***plans*** to phase out this ***program*** at the end of this fiscal year--in other words, in 17 more days. After hearing from so many people whom it has benefited, I felt compelled to offer this amendment which will provide the funding to continue ScaleUp for another year. ScaleUp communities can be found at every corner of America: in Texas, Pennsylvania, Florida, Maine, Virginia, Ohio, Illinois, Arkansas, Tennessee, and Arizona. I thank my friend from Arizona, Ms. McSally, for working with me on this bipartisan effort. Mr. Chairman, we are in a tough budget environment. I get that. But that makes it all the more important that we focus on ***programs*** that have been proven to be a good investment, ***programs*** like ScaleUp. Mr. Chair, I urge the adoption of this amendment, and I reserve the balance of my time. Mr. CHABOT. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR. The gentleman from Ohio is recognized for 5 minutes. Mr. CHABOT. Mr. Chairman, I rise, as I say, in opposition to this amendment. The proposed amendment offered by my colleague from Washington would increase funds appropriated for the Small Business Administration's entrepreneurial development ***programs*** by $3.8 million for the purpose of restoring funding to the SBA's ScaleUp initiative, which the SBA itself discontinued in fiscal year 2017. The ScaleUp initiative was never congressionally authorized, and, as such, has never been subject to congressional oversight. As the chairman of the Committee on Small Business, I am a staunch supporter of the SBA's efforts to increase access to training and counseling to our developing small businesses and to the next generation of entrepreneurs. It is also my responsibility to ensure that these ***programs*** are run efficiently and in the best interest of the American taxpayer. They are actually the ones footing the bill for every one of these ***programs***. That is why, even though it can sometimes be tough, we have to balance these ***programs*** with limited budgets and always being aware that we have now a $20 trillion debt hanging over our heads. As the ScaleUp initiative has never been subject to a congressional hearing nor congressional review, I believe it would be irresponsible to authorize taxpayer dollars to fund this ***program*** and must respectfully oppose this amendment. Mr. Chair, I urge my colleagues to do the same, and I reserve the balance of my time. Mr. HECK. Mr. Chairman, the fact of the matter is that our constituents were only informed 5 short weeks ago that ScaleUp was ending in 2 months. This amendment is the only recourse available given that very short timeframe, and because evidence-based measures of ScaleUp performance are all very positive, none of us had any reason to believe that the ***program*** would not continue, and the announcement came as a complete surprise to all of us. The fact of the matter is, I don't agree with the decision of the Small Business Administration, and it is our job as a function of our oversight and check and balance responsibility to pursue our disagreement, as it were, because their decision flies in the face of the evidence. I would argue that the appropriation process exists so that Congress can exercise this independent oversight of the spending priorities of the executive branch and assert itself in exactly this sort of a circumstance. Mr. Chair, I would dearly love to work with the chair of the Small Business Committee on legislation to specifically authorize the ScaleUp ***program***, but that is a longer term issue. This ***program*** will end at the end of this month if we don't act now, taking away a very valuable ***program*** that is working--evidence, metrics, measurable. It is getting the job done. Why wouldn't we pass this amendment, it is fully offset, there is no increased spending here, and have the existing ***program*** continue while we work on a more permanent solution. [[Page H7358]] Mr. Chair, with all due respect, I would urge my colleagues to support this amendment in the name of helping small businesses grow. Two out of every three jobs created in America are created by small businesses. This ***program***, ScaleUp, has been proven to work. There is not one shred of evidence that has been offered here today to suggest it isn't doing the job for which it was intended to do. Please, support this amendment, support small businesses, support your check and balance responsibility, support the creation of jobs. Mr. Chairman, I yield back the balance of my time. Mr. CHABOT. Mr. Chairman, I yield myself such time as I may consume. Mr. Chair, I appreciate the gentleman from Washington's comments, and, as chair of the House Small Business Committee, I will certainly be willing to work with him and his staff to see if there is any ability down the road to reconsider this ***program***. That being said, we do have a new administration who has looked at this and many other ***programs*** very carefully. Being aware, again, that we have a considerable deficit every year and a $20 trillion debt hanging over our heads, something has to go, and there are a whole bunch of somethings in the budget that this administration is looking at because they are serious about this. I definitely agree with the gentleman's comments about the importance of small businesses and promoting them in this country. About half of the people in America in the private sector work for, by definition, a small business. About 70 percent of the new jobs created in America are created by small businesses. There are 29 million small businesses all across America. They are contained in all 435 of our congressional districts. They are absolutely key. We have a history, and I think most Members who deal with the Small Business Committee realize this, of working in a bipartisan manner--the ranking member, Nydia Velazquez who is from New York, myself now the chair, and I have been the ranking member under her in the past, so we really do work together on these, as do the other members of the committee. We are willing to take a look at this down the road, but I would just have to reiterate my initial comment here is that I have to urge my colleagues, at this point, to oppose this amendment along with the administration and the Small Business Administration itself, which does oppose this amendment. Mr. Chair, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Washington (Mr. Heck). The amendment was rejected. The Acting CHAIR. The Chair understands that amendment No. 212 will not be offered. The Chair understands that amendment No. 213 will not be offered. Mr. QUIGLEY. Mr. Chair, as the designee of Ranking Member Lowey, I move to strike the last word. The Acting CHAIR. The gentleman from Illinois is recognized for 5 minutes. Mr. QUIGLEY. Mr. Chairman, I yield to the gentleman from Washington (Mr. Kilmer), the distinguished vice ranking member of the Appropriations Committee, for the purpose of entering into a colloquy. Mr. KILMER. Mr. Chair, when I am at home, I don't hear anyone say, Let's make it easier for folks to use big money to influence elections, and yet there are provisions in this spending bill that would do just that. My colleagues across the aisle are putting these provisions into this spending bill because they know that shocking our political system with even more money is incredibly unpopular, and these provisions would never pass if they were given an up-or-down vote in their own right; therefore, I am standing up today for restoring accountability for campaign spending and highlighting the two provisions that should not be in this bill. First, we need some sunlight in this murky world of campaign spending. 501(c)(4) groups can play fast and loose in our elections, and I want to be sure that they are actually working on issues that impact the people I represent, not trying to get their preferred candidates elected. And yet this legislation that we are voting on ensures that the IRS will not have the authority to look into groups that might be flouting the rules, and that is wrong. {time} 1630 Unfortunately, secondly, we have also seen the Federal Election Commission struggle to enforce our campaign finance laws. This was a body that was created after Watergate to make sure politicians don't cheat. The Commission was designed to be the people's advocate in our elections, and yet, unfortunately, it has seen more gridlock than Congress. The Federal Election Commission is once again undermined in this bill because the bill says that the Commission cannot enforce any rules regarding how certain special interests are able to raise money. We should not be making it easier for political action committees to raise additional money from a few wealthy individuals without Federal Election Commission oversight. We should be voting on campaign finance laws that strengthen the integrity of our elections, not bills like this that weaken it. So my hope is that we can chart a new course, a better course, and one that brings people power back to these hallowed Halls rather than, again, giving more power to the deepest pockets and to special interests. Mr. QUIGLEY. Mr. Chair, I yield back the balance of my time. The Acting CHAIR. It is now in order to consider amendment No. 218 printed in House Report 115-297. Amendment No. 221 Offered by Mr. Amodei The Acting CHAIR. It is now in order to consider amendment No. 221 printed in House Report 115-297. Mr. AMODEI. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: In title IX, strike section 906. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Nevada (Mr. Amodei) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Nevada. Mr. AMODEI. Mr. Chairman, I yield myself 1 minute. One size does not fit all. As an enthusiastic supporter of the CHOICE Act, I must confess it is not perfect. You have been told all financial regulators should be subject to the power of the Federal purse. Well, this regulatory agency, the National Credit Union Administration, uses no Federal funds to operate, to administer, or to manage the National Credit Union Share Insurance Fund--let me repeat, uses no Federal funds. Now, when nontaxpayer funds are required to be federally appropriated, hopefully, this strikes you as an odd idea. But when the funds in question are placed under the appropriations process and are subject to being swept for other Federal spending measures, I hope that bothers you--not strikes you as odd, but bothers you. Credit union member-generated insurance funds are now, by virtue of being put into the appropriations process, subject to being swept for other Federal spending processes. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. Aguilar). Mr. AGUILAR. Mr. Chairman, I would like to thank my colleague from Nevada. I would like to just take a moment to weigh in on the amendment that my colleague, Mr. Amodei, and I introduced that would maintain the NCUA's current funding structure. The NCUA is funded, as he said, through fees paid by credit unions. Subjecting them to the annual appropriations process unnecessarily involves Congress in a process that functions fine the way it is. The NCUA is not synonymous with big, for-profit institutions. The NCUA is a not-for-profit structure and plays a critical role in communities throughout this country. If they are forced to go through the appropriations process, then local buy-in is trumped by the Federal Government. If anything, this would further complicate the funding process and decrease, not increase, transparency. Forcing the NCUA into this process is an attempt to fix a problem that doesn't exist. They are one of the only regulatory bodies that is both an insurer and regulator, and its unique [[Page H7359]] structure should be reflected in the way that the operations are funded. Mr. AMODEI. Mr. Chair, I reserve the balance of my time. Mr. LUETKEMEYER. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman from Missouri is recognized for 5 minutes. Mr. LUETKEMEYER. Mr. Chair, I yield myself such time as I may consume. Mr. Chairman, this amendment strikes a provision that subjects the National Credit Union Administration to the annual congressional appropriations process. My point this afternoon is that Congress must restore its power of the purse, one of the most potent tools the Constitution gives Congress for conducting oversight of Federal agencies and implementing reforms. There can be no consent of the governed if the American people, through their democratically elected representatives have no say in how their government spends their hard-earned dollars. We must not miss the opportunity to reestablish separation of powers and restore Article I authority, which Congress has given away in so many instances that the administration now has more power than the legislative branch. The NCUA is a prime example of why it is time to reassert Congress' power of the purse. Accountability and transparency was so lacking under former Chairman Debbie Matz' tenure that, over the course of her tenure, the NCUA budget increased each year, in some cases by double- digit percentages. The Financial Services Committee, in fact, was forced to hold a public hearing during the 114th Congress. NCUA should not be singled out to avoid accountability to Congress. The CHOICE Act, which was passed by the House with overwhelming support--and the Congressman from Nevada's support as well--subjects all Federal financial regulators to the same congressional appropriations process, including NCUA. There is no reason to single out the NCUA for different treatment from all other regulators, all of whom the House has already voted on to put on appropriations just 3 months ago. Mr. Chairman, I yield back the balance of my time. Mr. AMODEI. Mr. Chairman, with all due respect to my colleague from the financial institution folks, one of the things in the CHOICE Act is the Mick Mulvaney-generated transparency amendments that we are not trying to strike. It is not like we are hiding anything. And I missed the part where it says, oh, the fact that they are not taxpayer funds makes it okay that we go ahead and try to sweep those into that. I also missed the fact, quite frankly, that this is different than something like the Bureau of Consumer Protection folks who were an out- of-control executive branch agency using federally appropriated funds to do as they darn well please. I missed the fact where we have got a problem with credit unions taking care of their own administration and their own insurance. And I, finally, missed the fact where, quite frankly, we have absolutely no problem with respect to these folks' performance record. So when you talk about going out and getting nontaxpayer-generated funds and saying we are going to bring those--by the way, good luck for these folks to get under our budgeting process. I won't say anything more than that, Mr. Chairman. Good luck. Whose budget are they going under? Who are we waiting for approval so we can say keep doing the things the way you were? So I will just say that this is a problem that does not exist with a solution that is being applied because of other regulators, which I agree with, but it is like to suggest, quite frankly, that the CHOICE Act was perfect and doesn't need a second look on a small thing like this, I mean, hats off to the committee. It is the only perfect committee I know of that has ever existed. Mr. Chair, I am prepared to close, and I will just say this: We ought to take a look at what track records are. And when we take a look at that and we look at unintended consequences, when you start branching out, for those of you folks in Production Credit Association territory and things like that and the budget issues and all of that other sort of stuff, it is like these folks are doing a good job. Let's let them continue to do that. Mr. Chairman, I would urge your bipartisan, nationwide support, and I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Nevada (Mr. Amodei). The amendment was agreed to. Amendment No. 222 Offered by Mr. Kildee The Acting CHAIR. It is now in order to consider amendment No. 222 printed in House Report 115-297. Mr. KILDEE. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 375, strike line 19 and all that follows through page 376, line 6. The Acting CHAIR. Pursuant to House Resolution 504, the gentleman from Michigan (Mr. Kildee) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Michigan. Mr. KILDEE. Mr. Chair, well, this amendment is actually quite simple. It says that U.S taxpayers should not subsidize coal-fired power plants built in other countries. Under the Obama administration, the Treasury Department issued guidance saying that the United States, through multilateral development banks, would no longer fund or support the construction of such plants in foreign countries. Unfortunately, President Trump has rolled back these efforts, and, in essence, the Trump administration is saying to the American people that American tax dollars should go overseas to subsidize fossil fuels and coal-fired power plants. I support, as many in this body do on both sides of the aisle, the efforts of multilateral development banks. In fact, the use of America's power in that sense, through entities such as the World Bank, is a great way for us to contribute to development across the globe and use that soft power in a way that potentially keeps us from having to go in a different direction. But we should not be using U.S dollars on projects that subsidize foreign sources of pollution that contribute to increased carbon in our atmosphere and worsen climate change. Now, there are some that say that the science is not settled on this question. The people who are saying that, I am not quite sure where they are getting their science. Climate change is real. We really don't need a lot of evidence, even recently, to reinforce the notion that climate change is real. Extreme weather events are real, and they are making that point in ways that no discussion on this floor could ever do. Unfortunately, experts are telling us it is only going to get worse. Congress should not be encouraging the use of American taxpayer dollars to support coal-fired plants overseas. This amendment takes a stand and says that we will not support these sorts of irresponsible projects. Here in Congress we continually advocate for the responsible use of taxpayer dollars. And for the most part on this floor, we continue to advocate for efforts that will reduce carbon emissions in order to protect the environment, not just for ourselves, but for generations to come. Using American dollars to support coal plants in developing countries is not responsible. It is not a responsible use of taxpayer dollars. It is not good for our environment. Mr. Chair, I encourage my colleagues to join me in supporting this amendment, and I reserve the balance of my time. Mr. GRAVES of Georgia. Mr. Chair, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman is recognized for 5 minutes. Mr. GRAVES of Georgia. Mr. Chair, it is anti-coal policies such as this that result in a market loss for American coal and clean coal technology and cut off, really, quite frankly, an affordable, reliable source of energy that is critical to economic development in struggling regions of the world. This section 133 does not mandate coal-fired generation for U.S - funded international development projects. It [[Page H7360]] just simply ensures that coal can continue to be a part of our country's longstanding energy strategy. Abandoning support for fossil fuels hurts American jobs, and it slows American innovation. It is for those reasons, Mr. Chairman, I would urge a ``no'' vote on this amendment, and I yield back the balance of my time. Mr. KILDEE. Mr. Chairman, I am prepared to close. I just encourage my colleagues to think about this as an opportunity to stand up for the environment, stand up for responsible use of the American tax dollar, and keep in mind that we work really hard here on this floor to develop policy in this country that does not pass on to future generations a planet that is at greater risk than the one we inherited. When it comes to the use of U.S taxpayer dollars going overseas, we ought to be able to clearly say that those dollars should be used in a way that contributes to the development of those nations, but in a way that does not undermine the quality of life across the globe and across the decades and centuries to come. Mr. Chair, I urge my colleagues to support this amendment, and I yield back the balance of my time. {time} 1645 The Acting CHAIR. The question is on the amendment offered by the gentleman from Michigan (Mr. Kildee). The amendment was rejected. Amendment No. 223 Offered by Ms. Jackson Lee The Acting CHAIR. It is now in order to consider amendment No. 223 printed in House Report 115-297. Ms. JACKSON LEE. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 360, line 14, insert ``(increased by $500,000)'' before ``shall''. Page 361, line 17, insert ``(decreased by $1,000,000)'' before ``, of which''. The Acting CHAIR. Pursuant to House Resolution 504, the gentlewoman from Texas (Ms. Jackson Lee) and a Member opposed each will control 5 minutes. The Chair recognizes the gentlewoman from Texas. Ms. JACKSON LEE. Mr. Chairman, I thank the managers of this legislation. Mr. Chairman, any Member of Congress or any elected official has had the sad duty of going to a child's funeral. Most of us in the Christian faith have heard maybe the same words said often in the place of worship and in the funeral service, no matter who it is, and that is that a child should not go before their parents. We have seen the brokenness and, of course, the absolute despair of that family that has lost a child. Unfortunately, as we have found in Hurricane Harvey, when people have looted victims of the hurricane, it is unfortunate that bad things can happen to good people. So the families of deceased children are victimized. They are saddened by the loss of their child, whether it is an accident that is tragic or a sickness; and then, because those names are printed and become public, they are victimized again. Alexis Agin was 4 years old when she died last year from a brain tumor. As her parents grieved from their daughter's loss, someone else paid attention to the details of her death, too. An identity thief was easily able to get Alexis' personal information after she died. Her parents had no inkling until they went to file their taxes, then to their astonishment and despair, they learned that someone else had already filed a tax return using Alexis' Social Security number and claiming her as a dependent. The Agins soon learned they were one of many. They said: ``Within an hour of learning that my daughter's Social Security number had been compromised and stolen, no fewer than 14 other parents whose children passed away due to cancer contacted us and advised us that their children's Social Security numbers, likewise, had been stolen.'' Americans are told to jealously guard their Social Security numbers, but after one dies, the government goes public with that coveted information. It is included on the Death Master List. Mr. Chairman, I include in the Record an article from ABC News entitled ``When Loved Ones Die, Their Identity is There for the Taking.'' [From ABC News, May 8, 2012] When Loved Ones Die, Their Identity Is There for the Taking (By Lisa Stark) Alexis Agin was 4 years old when she died last year from a brain tumor. As her parents grieved their daughter's loss, someone else paid attention to the details of her death too. An identity thief was easily able to get Alexis' personal information after she died. Her parents had no inkling until they went to file their taxes. Then, to their astonishment, they learned that someone else had already filed a tax return, using Alexis' Social Security number and claiming her as a dependent. The Agins soon learned they were one of many. ``Within an hour of learning that my daughter's Social Security number had been compromised and stolen,'' said Jonathan Agin, ``no fewer than 14 other parents whose children passed away due to cancer contacted us and advised us that their children's Social Security numbers likewise had been stolen.'' Americans are told to jealously guard their Social Security numbers, but after one dies, the government goes public with that coveted information. It is all included on a Master Death List. ``This is a database of more than 8o million records that the Social Security Administration maintains of all the deaths in the country. And that information is actually publicly available,'' said John Breyault at the National Consumers League. ``Consumers can go online, on any number of sites, and get full name, date of birth and full Social Security number, which we call the holy trinity of personally identifiable information.'' The list is used by banks, credit agencies and others to try to prevent identity theft after someone dies. However, a court case in the 197os forced the Social Security Administration to make the list public, under Freedom of Information Act laws. ``Unfortunately, dead people don't have any privacy rights,'' said Breyault, ``That information, once you're dead, is publicly available information.'' ``Within 3o seconds of learning that my daughter's Social Security number had been stolen, I went online and found her Social Security number,'' Agin told ABC News. ``All the information is there.'' Breyault of the National Consumer League showed ABC News just how easy it was. He sat down with me at a computer and pulled up a wealth of information on my husband, who died of cancer last year. My tax refund for this year has now been held up because someone else filed a return, apparently using my husband's Social Security number The Internal Revenue Service said it might be a simple mistake by the other taxpayer, not a case of identity fraud. The agency, however, can't yet tell me for sure as it works to unravel the situation. Today on Capitol Hill, the House Ways and Means' Subcommittees on Social Security and Identity Theft held a hearing on this growing problem. In his testimony, Russell George, the Treasury inspector general for tax administration, told lawmakers that while processing tax returns in 2011, the IRS managed to flag and stop 940,000 returns that appeared to involve identity theft. The refunds requested on those returns totaled $6.5 billion. George told lawmakers, ``There is much more fraud that it [the IRS] does not detect.'' The inspector general ``identified approximately 1.5 million additional undetected tax returns with potentially fraudulent tax refunds totaling in excess of $5.2 billion,'' said George. Those refunds were paid out. ``If not addressed, we estimate the IRS could issue approximately $26 billion in fraudulent tax refunds resulting from identity theft over the next five years,'' he testified. The IRS told ABC News that it believes that five-year estimate is ``far too high. The estimate was based on figures from 2010, before the IRS instituted major changes in the way it handles identity theft cases,'' the agency said. ``Our increased compliance and prevention efforts mean we are stopping more refund fraud than ever before.'' The Social Security Administration had recently taken steps to cut back on the Master Death List information it releases publicly, leaving off the decedent's state and ZIP code. And the IRS said it has installed identity theft screening filters on its computer systems to flag suspicious returns. ``Fighting identity theft will be an ongoing battle for the IRS and one we cannot afford to let up on,'' said Steven Miller, an IRS deputy commissioner, in written testimony. Late last year, the IRS established a special taxpayer protection unit to help handle identity theft cases. But George testified that those trying to file their 2011 taxes found it difficult to get through to the unit. ``The unit received more than 86,000 calls during the 2012 filing season, but has only been able to answer about 21,000,'' said George. And according to his testimony, the average phone wait time for taxpayers was almost one hour. Taxpayers caught in this mess are forced to prove their loved one's identity to the [[Page H7361]] IRS. Agin said he had to provide evidence to show the IRS that his late daughter was his child. Some cases have taken up to a year to resolve. Congress is considering a number of bills that would limit access to the Master Death List For Agin and the hundreds of thousands of other taxpayers who have been victims of this fraud, it can't come soon enough. ``It's bad enough losing your child to any type of disease, cancer in any manner,'' said Agin, ``but then have somebody steal their identify, the last remaining vestige of your child, it's horrible.'' Ms. JACKSON LEE. Mr. Chairman, there is no dedicated person in the IRS to deal with these broken and grieving families, so they simply become victims. By the time they find out, someone has bought a house, someone has taken their luxury vacation, got many credit cards, and used this dead child to abuse this family again. The Jackson Lee amendment is simple. What it does is it provides a dedicated person, funding to the IRS Taxpayer Advocate Service for the purpose of assisting the parents of a deceased child where that child's identifying information has been stolen and fraudulently used on a personal income tax return filed with the IRS. It is a simple request, Mr. Chairman. If the Taxpayer Advocate Service office is what it is, and if anyone has tried to use it, including Members of Congress, we know there needs to be a dedicated person just to answer the phone of the grieving parent who finds out through IRS filing that they are being abused again and their beautiful angel is being used for other and evil works of someone who would use that deceased child to their advantage. Mr. Chairman, I ask my colleagues to support the amendment, and I reserve the balance of my time Mr. Chair, thank you for this opportunity to speak in support of the Jackson Lee Amendment to Division D of the Rules Committee Print 115- 31, which makes appropriations for Fiscal Year 2018, ``H.R 3354, the ``Interior and Environment Appropriations Act for Fiscal Year 2018.'' I wish to commend Chairman Graves and Ranking Member Quigley for their work in shepherding this legislation to the floor. Mr. Chair, the Jackson Lee Amendment is simple but provides an important and necessary protection for grieving parents. The Jackson Lee Amendment is intended to ensure that the IRS Tax Advocate Service has adequate resources to assist parents of a deceased child whose Social Security Number was stolen by tax cheats and used on a federal tax return to receive an Earned Income Tax Credit (EITC). The Jackson Lee Amendment is intended to be a compassionate use of IRS funds to help grieving parents navigate the process of reclaiming their child's identity from tax cheats. This amendment is necessary when we consider the story of little Alexis Agin who was just 4 years old when she died of a brain tumor in 2011. As her parents grieved, someone stole Alexis' identity to commit tax fraud. Alexis' parents did not discover the crime until they filed their taxes. The sad fact is Alexis' parents are not alone--they were one of at least 14 other parents whose children died of cancer and learned that their child's Social Security number had been stolen by tax thieves. Nearly all of us understand the importance of safeguarding our Social Security numbers, but after someone dies Social Security numbers are published on a national online registry called the Master Death List. The Master Death List registry exists to alert businesses and financial institutions to not renew credit cards or create new credit in a deceased person's name. But it also alerts thieves of opportunities to steal identities and commit tax fraud. As reported by the San Francisco Chronicle identity thieves have stolen the tax refunds of more than 490,000 dead persons since 2008. The thieves typically claim that a dead person is their dependent when they file tax returns. In Fiscal Year 2012, the IRS initiated approximately 900 identity theft related criminal investigations, triple the number of investigations initiated in FY 2011. Direct investigative time applied to identity theft related investigations increased by 129 percent over that same period. On July 30, 2013, in St. Louis, Missouri, Tania Henderson was convicted of theft of government funds and aggravated identity theft and sentenced to 144 months in prison and ordered to pay $835,883 in restitution to the U.S Treasury. According to her plea agreement and other court documents, Henderson stole the identities of more than 400 individuals, many of whom were deceased, and filed fraudulent tax returns using their names and Social Security account numbers. The theft of identities of deceased children for the purpose of committing tax fraud is a sad fact that too many parents have to face while they are attempting to cope with the tragedy of losing their child. The Jackson Lee Amendment will help ensure that the IRS Tax Advocate Service has the resources needed to assist these grieving parents with filing the last tax return where their child's name will be listed as being a member of their household. I urge all Members to support the Jackson Lee Amendment, which would be a compassionate use of IRS funds. Mr. GRAVES of Georgia. Mr. Chairman, I claim the time in opposition to the amendment. The Acting CHAIR. The gentleman is recognized for 5 minutes. Mr. GRAVES of Georgia. Mr. Chairman, as we come to the last amendment on the last bill of this appropriations season, I was hoping we could end it on a positive note. Unfortunately, I have to oppose this amendment. I respect the gentlewoman's thoughts on this. It is a compelling story that she shared with us, and a lot of families have been impacted by identity theft. It is certainly something that concerns me and our entire committee. We have worked through this. In fact, in May of this year, I held an oversight hearing and questioned top officials about this and their efforts to reduce identity theft. Additionally, the Financial Services bill that we are speaking of here includes targeted funds to combat identity theft as well as additional reporting requirements to monitor the IRS's progress in this area. In fact, overall identity theft referrals from the Taxpayer Advocate are down. They are down right now. It is not perfect. They are not at zero, but they are moving in the right direction, as are inventory receipts in the IRS Identity Theft Victim Assistance office. Our committee--myself, along with Mr. Quigley and the entire committee--have had to make a lot of tough funding choices throughout this season. It has not been easy. There are a lot of very worthy ***programs*** that we wish we can fund more. Unfortunately, we just can't do all that has been requested by all the Members who have a lot of great and creative ideas to help taxpayers and our constituents. But in this case with this line item, we didn't cut anything. In fact, it has been flat-funded. It is at the same level that was funded last year, and that comes in a portion of our appropriations budget here that we are talking about. It is being cut, on average, 6-plus percent overall. This one line item, though, remains static, and that should speak a lot to our committee and their work to find ways in which to provide additional resources to combat identity theft. Mr. Chairman, as we wrap this up, I want to thank you and everyone else for their patience today over the last many weeks. I thank the Committee on Appropriations Chairman Frelinghuysen and all the great work by the House of Representatives as we wrap up this final amendment with my opposition to the amendment. I urge the House to vote ``no.'' Mr. Chairman, I yield back the balance of my time. Ms. JACKSON LEE. How much time is remaining, Mr. Chairman. The Acting CHAIR. The gentlewoman from Texas has 1 minute remaining. Ms. JACKSON LEE. Mr. Chairman, last time I was on the floor, I mentioned that I was disappointed, and my friend on the other side made a remark that we all come here disappointed. I am saddened by the comment that he made earlier, and I am saddened by his response now because this is simply asking for a dedicated person, the offset is the operations account. It doesn't matter what conversations and what we have done. It is a simple direct response to the pain of people. This is a mountain if it happens to you. It is not whether we are coming down or we have had conversations; it is a mountain. So I would simply say, according to the San Francisco Chronicle, identity thieves have stolen tax refunds of more than 490,000 dead persons. This Death Master List continues. The IRS initiated approximately 900 identity theft-related criminal investigations out of 490,000. [[Page H7362]] So what if you are this parent of a dead child? I just would have a person dedicated to taking your calls. That is all I am asking in this amendment with a slight offset. It doesn't make any sense. Alexis' parents did not discover the crime until they filed their taxes. How many others have not? So I ask my colleagues, out of the goodness of their heart--this is the last amendment, and I don't think any manner of conversation about what I did yesterday and what I did last year is going to be helpful. Mr. Chairman, I ask my colleagues to support the Jackson Lee amendment to help the parents of deceased children. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Texas (Ms. Jackson Lee). The question was taken; and the Acting Chair announced that the noes appeared to have it. Ms. JACKSON LEE. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from Texas will be postponed. Vacating Demand for Recorded Vote on Amendment No. 149 Offered by Mr. Flores Mr. FLORES. Mr. Chair, I ask unanimous consent to withdraw my request for a recorded vote on amendment No. 149 to the end that the Chair put the question de novo. The Acting CHAIR. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. The Acting CHAIR. Is there objection to the request of the gentleman from Texas? There was no objection. The Acting CHAIR. The question is on the amendment offered by the gentleman from Texas (Mr. Flores). The amendment was rejected. Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike the last word. The Acting CHAIR. The gentleman from New Jersey is recognized for 5 minutes. Mr. FRELINGHUYSEN. Mr. Chairman, as we conclude discussion on our 12- bill package, I rise to urge support of H.R 3354 and to thank the 12 chairs and ranking members who led the great work on these bills as well as the many Members who offered amendments in this open and free and, I may say, rather civil discussion. This package prioritizes our domestic and national security to keep our people safe, supports our troops, strengthens law enforcement, secures our borders, and helps get our economy moving, and it deserves bipartisan support. Over the past week, the House has debated hundreds of amendments in this appropriations legislation. Combined with the thousands of Member requests included in the base text, these bills are truly representative of our shared American values. I want to thank all my colleagues for their time and consideration of one another throughout this process. Tomorrow the House will vote to finalize all 12 appropriations bills before the fiscal year deadline of September 30. We have not had what is referred to and what is called regular order for a long time--in nearly a decade. And what's more, we have done all 12 bills under a very abbreviated time schedule. From June 12 to July 20--just over 1 month--the Appropriations Committee has held 12 subcommittee markups and 12 full committee markups, putting in hundreds of hours debating hundreds of amendments. The legislation on the floor this afternoon is a result of this hard work. I would like to thank my committee, particularly its leaders, including Chairmen Robert Aderholt from Alabama, John Culberson from Texas, Kay Granger from Texas, Mike Simpson from Idaho, and Tom Graves from Georgia who has done a masterful job this afternoon, Judge Carter from Texas, Ken Calvert from California, Tom Cole from Oklahoma, Kevin Yoder from Kansas, Charlie Dent from Pennsylvania, Hal Rogers from Kentucky, and Mario Diaz-Balart from Florida. On the Democratic side, I want to thank Ranking Members Sanford Bishop from Georgia, Jose Serrano from New York, Pete Visclosky from Indiana, Marcy Kaptur from Ohio, Mike Quigley from Illinois, Lucille Roybal-Allard from California, Betty McCollum from Minnesota, Rosa DeLauro from Connecticut, Tim Ryan from Ohio, Debbie Wasserman Schultz from Florida, and David Price from North Carolina, and their surrogates. Of course, I particularly want to thank the ranking member of the full committee, Mrs. Nita Lowey from New York for her dedication and friendship to getting our work done on time. I must also thank our incredibly hard-working staff, Mr. Chairman, led by Nancy Fox, our staff director; and Maureen Holohan, our new deputy staff director on the Republican side; and by Shalanda Young and Chris Bigelow on the Democratic side. I thank them all. To all the staffs, those assembled here in this room and those who have been here for many hours over the last couple of days, I thank them all for all the work they have done to get these bills to the floor and the tremendous amount of time and dedication to them. Mr. Chairman, this bill makes sure the United States has a strong national defense and that our citizens here at home are protected. This package sets us on the right path to fully fund the entire Federal Government on time and on budget. Mr. Chairman, I ask my colleagues to vote ``yes'' on the bill, and I yield back the balance of my time. Announcement by the Acting Chair The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in House Report 115-297 on which further proceedings were postponed, in the following order: Amendment No. 87 by Mrs. Torres of California. Amendment No. 105 by Mr. Grothman of Wisconsin. Amendment No. 113 by Mr. Scott of Virginia. Amendment No. 117 by Ms. Norton of the District of Columbia. Amendment No. 124 by Mr. Flores of Texas. Amendment No. 125 by Mr. Buck of Colorado. Amendment No. 131 by Mr. Kildee of Michigan. Amendment No. 134 by Mr. Pocan of Wisconsin. Amendment No. 138 by Ms. Meng of New York. Amendment No. 145 by Mr. Kildee of Michigan. Amendment No. 154 by Ms. Clark of Massachusetts. Amendment No. 155 by Mr. Murphy of Pennsylvania. Amendment No. 160 by Mr. Ben Ray Lujan of New Mexico. Amendment No. 161 by Mrs. Lowey of New York. Amendment No. 164 by Mr. Courtney of Connecticut. Amendment No. 167 by Mr. Lewis of Minnesota. Amendment No. 168 by Mr. Grothman of Wisconsin. Amendment No. 170 by Mr. Grothman of Wisconsin. Amendment No. 172 by Mr. Meadows of North Carolina. Amendment No. 173 by Mr. Walberg of Michigan. Amendment No. 174 by Mrs. Blackburn of Tennessee. Amendment No. 186 by Mr. Ellison of Minnesota. Amendment No. 187 by Mr. Gibbs of Ohio. The Chair will reduce to 2 minutes the time for any electronic vote after the first vote in this series. Amendment No. 87 Offered by Mrs. Torres The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from California (Mrs. Torres) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The vote was taken by electronic device, and there were--ayes 279, noes 137, not voting 17, as follows: [[Page H7363]] [Roll No. 493] AYES--279 Adams Aguilar Bacon Banks (IN) Barletta Barragan Barton Bass Beatty Bera Beyer Bishop (GA) Bishop (MI) Bishop (UT) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Buchanan Bucshon Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Coffman Cohen Comstock Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Duffy Duncan (SC) Duncan (TN) Ellison Emmer Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Frankel (FL) Fudge Gabbard Gallagher Gallego Garamendi Gibbs Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Grothman Gutierrez Hanabusa Hartzler Hastings Heck Herrera Beutler Higgins (NY) Himes Hollingsworth Hoyer Hudson Huffman Huizenga Hunter Hurd Issa Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson (OH) Johnson, E. B. Jones Joyce (OH) Kaptur Katko Keating Kelly (IL) Kelly (PA) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Latta Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marchant Marino Marshall Mast Matsui McCollum McEachin McGovern McKinley McMorris Rodgers McNerney McSally Meehan Meeks Meng Messer Mitchell Moolenaar Mooney (WV) Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Nolan Norcross Norman O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pelosi Perlmutter Perry Peters Peterson Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reed Renacci Rice (NY) Rogers (AL) Rogers (KY) Rohrabacher Rooney, Thomas J. Rosen Roskam Rothfus Roybal-Allard Royce (CA) Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Shimkus Simpson Sinema Sires Slaughter Smith (NE) Smith (NJ) Smith (WA) Smucker Soto Speier Stefanik Stewart Stivers Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Thompson (PA) Tipton Titus Tonko Torres Trott Tsongas Upton Vargas Veasey Vela Velazquez Visclosky Walberg Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Wilson (SC) Yarmuth Young (IA) NOES--137 Abraham Aderholt Allen Amash Arrington Babin Barr Bergman Biggs Bilirakis Black Blackburn Bost Brady (TX) Brat Brooks (AL) Buck Budd Burgess Byrne Carter (GA) Carter (TX) Chabot Cheney Cole Collins (GA) Collins (NY) Comer Conaway Cramer Crawford Culberson Davidson Denham DeSantis DesJarlais Donovan Dunn Estes (KS) Farenthold Ferguson Fleischmann Flores Foxx Franks (AZ) Frelinghuysen Gaetz Gianforte Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Guthrie Handel Harper Harris Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hultgren Jenkins (KS) Johnson (LA) Johnson, Sam Jordan Kelly (MS) King (IA) Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lewis (MN) Long Love Lucas Massie McCarthy McCaul McClintock McHenry Meadows Mullin Newhouse Noem Nunes Olson Palazzo Palmer Pearce Pittenger Poe (TX) Ratcliffe Reichert Rice (SC) Richmond Roby Roe (TN) Rokita Rouzer Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shuster Smith (MO) Smith (TX) Taylor Tenney Thornberry Turner Valadao Wagner Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wittman Womack Woodall Yoder Yoho Zeldin NOT VOTING--17 Amodei Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Young (AK) {time} 1729 Messrs. BOST, COLLINS of Georgia, WENSTRUP, DENHAM, Ms. TENNEY, and Mr. McCARTHY changed their vote from ``aye'' to ``no.'' Messrs. KRISHNAMOORTHI, JEFFRIES, COHEN, PETERS, MOULTON, BISHOP of Michigan, STEWART, BACON, DEUTCH, LUETKEMEYER, HUNTER, ROHRABACHER, CURBELO of Florida, RUSH, RYAN of Ohio, RENACCI, COFFMAN, BLUM, ROSKAM, and DUNCAN of South Carolina changed their vote from ``no'' to ``aye.'' So the amendment was agreed to. The result of the vote was announced as above recorded. Stated against: Mr. BROWN of Maryland. Mr. Chair, during rollcall Vote No. 493 on H.R 3354, I mistakenly recorded my vote as ``yes'' when I should have voted ``no.'' Amendment No. 105 Offered by Mr. Grothman The Acting CHAIR (Mr. Collins of Georgia). The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. Grothman) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This will be a 2-minute vote. The vote was taken by electronic device, and there were--ayes 98, noes 313, not voting 22, as follows: [Roll No. 494] AYES--98 Abraham Allen Amash Babin Bacon Banks (IN) Barr Barton Biggs Bishop (UT) Black Blackburn Blum Brat Buck Budd Carter (GA) Chabot Cheney Coffman Comer Cook Davidson DeSantis Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Franks (AZ) Gaetz Gallagher Gianforte Gonzalez (TX) Gosar Graves (GA) Griffith Grothman Guthrie Harris Hice, Jody B. Holding Hudson Hultgren Hunter Jenkins (KS) Jones Jordan Kelly (MS) King (IA) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Marshall Massie McCarthy McClintock McMorris Rodgers Meadows Messer Mooney (WV) Mullin Norman O'Halleran Palmer Perry Poe (TX) Polis Rice (SC) Roe (TN) Rohrabacher Rokita Russell Sanford Schweikert Scott, Austin Sensenbrenner Smith (MO) Smith (NE) Walker Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Woodall Yoder Yoho Young (IA) NOES--313 Adams Aderholt Aguilar Amodei Arrington Barletta Barragan Bass Beatty Bera Bergman Beyer Bilirakis Bishop (GA) Bishop (MI) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brady (TX) Brooks (AL) Brooks (IN) Brown (MD) Brownley (CA) Buchanan Bucshon Burgess Bustos Butterfield Byrne Calvert Capuano Carbajal Cardenas Carson (IN) Carter (TX) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Cole Collins (GA) Collins (NY) Comstock Conaway Connolly Conyers Cooper Correa Costello (PA) Courtney Cramer Crawford Crist Crowley Cuellar Culberson Cummings Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier DesJarlais Deutch Dingell Doggett Donovan Doyle, Michael F. Duffy Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foster Foxx Frelinghuysen Fudge Gabbard Gallego Garamendi Gibbs Gohmert Gomez Gottheimer Gowdy Granger Graves (LA) Green, Al Green, Gene Grijalva Gutierrez Hanabusa Handel Harper Hartzler Hastings Heck Hensarling Herrera Beutler Higgins (LA) Higgins (NY) Hill Himes Hollingsworth Hoyer Huffman Huizenga Hurd Issa Jackson Lee Jayapal Jeffries Jenkins (WV) [[Page H7364]] Johnson (GA) Johnson (LA) Johnson (OH) Johnson, E. B. Johnson, Sam Joyce (OH) Kaptur Katko Keating Kelly (IL) Kelly (PA) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Knight Krishnamoorthi Kuster (NH) Kustoff (TN) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lucas Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marchant Mast Matsui McCaul McCollum McEachin McGovern McHenry McKinley McNerney McSally Meehan Meeks Meng Mitchell Moolenaar Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Noem Nolan Norcross Nunes O'Rourke Olson Palazzo Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Peters Peterson Pingree Pittenger Pocan Poliquin Price (NC) Quigley Raskin Ratcliffe Reed Reichert Renacci Rice (NY) Richmond Roby Rogers (AL) Rogers (KY) Rooney, Thomas J. Rosen Roskam Rothfus Rouzer Roybal-Allard Royce (CA) Ruiz Ruppersberger Rush Rutherford Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sessions Sewell (AL) Shea-Porter Sherman Shimkus Simpson Sinema Sires Slaughter Smith (NJ) Smith (TX) Smith (WA) Smucker Soto Speier Stefanik Stewart Stivers Suozzi Swalwell (CA) Takano Taylor Tenney Thompson (CA) Thompson (MS) Thompson (PA) Thornberry Tipton Titus Tonko Torres Trott Tsongas Turner Upton Valadao Vargas Veasey Vela Velazquez Visclosky Wagner Walberg Walden Walorski Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Womack Yarmuth Zeldin NOT VOTING--22 Bridenstine Clyburn Costa Davis, Rodney DeLauro Diaz-Balart Frankel (FL) Garrett Goodlatte Graves (MO) Lawson (FL) Loudermilk Marino Newhouse Posey Rooney, Francis Ros-Lehtinen Ross Scalise Shuster Tiberi Young (AK) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1732 So the amendment was rejected. The result of the vote was announced as above recorded. Stated against: Mr. GOODLATTE. Mr. Chair, I was unavoidably detained. Had I been present, I would have voted ``nay'' on rollcall No. 494. Mr. GONZALEZ of Texas. Mr. Chair, during rollcall Vote No. 494 on H.R 3354, I mistakenly recorded my vote as ``yea'' when I should have voted ``nay.'' Amendment No. 113 Offered by Mr. Scott of Virginia The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Virginia (Mr. Scott) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 192, noes 223, not voting 18, as follows: [Roll No. 495] AYES--192 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Turner Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--223 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Conaway Cook Costello (PA) Cramer Crawford Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOT VOTING--18 Bridenstine Clyburn Comstock Costa DeLauro Diaz-Balart Frankel (FL) Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Young (AK) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1735 So the amendment was rejected. The result of the vote was announced as above recorded. personal explanation Ms. FRANKEL of Florida. Mr. Chair, I was unable to vote on rollcall Nos. 494 and 495. Had I been present, I would have voted ``nay'' on rollcall No. 494 and ``yea'' on rollcall No. 495. Amendment No. 117 Offered by Ms. Norton The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the [[Page H7365]] gentlewoman from the District of Columbia (Ms. Norton) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 189, noes 225, not voting 19, as follows: [Roll No. 496] AYES--189 Adams Aguilar Amash Barragan Bass Beatty Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gaetz Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rooney, Thomas J. Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--225 Abraham Aderholt Allen Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bera Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Culberson Curbelo (FL) Davidson Davis, Rodney Denham DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perlmutter Perry Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schrader Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOT VOTING--19 Bridenstine Chu, Judy Clyburn Costa DeLauro Dent Diaz-Balart Garrett Graves (GA) Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Young (AK) Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1738 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 124 Offered by Mr. Flores The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. Flores) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 216, noes 199, not voting 18, as follows: [Roll No. 497] AYES--216 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comstock Conaway Cook Cramer Crawford Culberson Davidson Denham DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (FL) Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOES--199 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici [[Page H7366]] Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Buchanan Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Comer Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Fortenberry Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Yarmuth NOT VOTING--18 Bridenstine Clyburn Costa DeLauro Dent Diaz-Balart Garrett Goodlatte Graves (MO) Lawson (FL) Loudermilk Posey Rogers (AL) Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1741 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 125 Offered by Mr. Buck The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Colorado (Mr. Buck) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 226, noes 191, not voting 16, as follows: [Roll No. 498] AYES--226 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Cartwright Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Cuellar Culberson Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) Kinzinger Knight Kustoff (TN) LaHood LaMalfa Lamborn Lance Latta Lewis (MN) Long Love Lucas Luetkemeyer Lynch MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Poliquin Ratcliffe Reed Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOES--191 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cummings Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Krishnamoorthi Kuster (NH) Labrador Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Reichert Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOT VOTING--16 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Ryan (OH) Scalise Tiberi {time} 1745 Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1745 Messrs. LATTA and FERGUSON changed their votes from ``no'' to ``aye.'' So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 131 Offered by Mr. Kildee The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Michigan (Mr. Kildee) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. [[Page H7367]] Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 247, noes 170, not voting 16, as follows: [Roll No. 499] AYES--247 Adams Aguilar Bacon Barletta Barragan Bass Beatty Bera Bergman Beyer Bishop (GA) Bishop (MI) Bishop (UT) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Buchanan Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Emmer Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (LA) Higgins (NY) Himes Hollingsworth Hoyer Hudson Huffman Hurd Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kelly (PA) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Krishnamoorthi Kuster (NH) LaHood Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marshall Mast Matsui McCollum McEachin McGovern McNerney McSally Meehan Meeks Meng Messer Mooney (WV) Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Perry Peters Peterson Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Rokita Rosen Roskam Rothfus Roybal-Allard Royce (CA) Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, Austin Scott, David Sensenbrenner Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NE) Smith (NJ) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Tipton Titus Tonko Torres Trott Tsongas Turner Upton Vargas Veasey Vela Velazquez Visclosky Walden Walorski Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (IA) Zeldin NOES--170 Abraham Aderholt Allen Amash Amodei Arrington Babin Banks (IN) Barr Barton Biggs Bilirakis Black Blackburn Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Culberson Davidson Denham DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Hill Holding Huizenga Hultgren Hunter Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) King (IA) Kinzinger Knight Kustoff (TN) Labrador LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer Marchant Marino Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers Meadows Mitchell Moolenaar Mullin Newhouse Noem Norman Nunes Olson Palazzo Palmer Pittenger Poe (TX) Ratcliffe Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rooney, Thomas J. Rouzer Russell Rutherford Sanford Schweikert Sessions Shimkus Shuster Simpson Smith (MO) Smith (TX) Smucker Stewart Taylor Tenney Thompson (PA) Thornberry Valadao Wagner Walberg Walker Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) NOT VOTING--16 Bridenstine Clyburn Costa Davis, Rodney DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1747 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 134 Offered by Mr. Pocan The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. Pocan) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 199, noes 219, not voting 15, as follows: [Roll No. 500] AYES--199 Adams Aguilar Amash Barragan Bass Beatty Bera Bishop (GA) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (AK) NOES--219 Abraham Aderholt Allen Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Beyer Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) [[Page H7368]] Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOT VOTING--15 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1751 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 138 Offered by Ms. Meng The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from New York (Ms. Meng) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 220, noes 198, not voting 15, as follows [Roll No. 501] AYES--220 Adams Aguilar Barragan Barton Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Buck Bucshon Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Frankel (FL) Franks (AZ) Frelinghuysen Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Graves (LA) Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney McSally Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Reed Rice (NY) Richmond Rooney, Thomas J. Rosen Roybal-Allard Royce (CA) Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Schweikert Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Zeldin NOES--198 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Budd Burgess Byrne Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cramer Crawford Culberson Davidson DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Foxx Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Roskam Rothfus Rouzer Russell Rutherford Sanford Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) NOT VOTING--15 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1754 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 145 Offered by Mr. Kildee The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Michigan (Mr. Kildee) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 243, noes 175, not voting 15, as follows: [Roll No. 502] AYES--243 Abraham Adams Aguilar Bacon Barletta Barragan [[Page H7369]] Barton Bass Beatty Bera Bergman Beyer Bishop (GA) Bishop (MI) Bishop (UT) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Bucshon Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallagher Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hollingsworth Hoyer Huffman Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Kinzinger Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Love Lowenthal Lowey Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McEachin McGovern McKinley McNerney McSally Meehan Meeks Meng Messer Mooney (WV) Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Rice (SC) Richmond Roe (TN) Rosen Roskam Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Sensenbrenner Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stivers Suozzi Swalwell (CA) Takano Taylor Thompson (CA) Thompson (MS) Thompson (PA) Tipton Titus Tonko Torres Trott Tsongas Turner Upton Vargas Veasey Vela Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Zeldin NOES--175 Aderholt Allen Amash Amodei Arrington Babin Banks (IN) Barr Biggs Bilirakis Black Blackburn Bost Brady (TX) Brat Brooks (AL) Buchanan Buck Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Culberson Davidson Denham DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Lucas Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McMorris Rodgers Meadows Mitchell Moolenaar Mullin Newhouse Noem Norman Nunes Olson Palazzo Palmer Perry Pittenger Poe (TX) Poliquin Ratcliffe Renacci Roby Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Tenney Thornberry Valadao Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) NOT VOTING--15 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1757 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 154 Offered by Ms. Clark of Massachusetts The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Massachusetts (Ms. Clark) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 225, noes 192, not voting 16, as follows: [Roll No. 503] AYES--225 Adams Aguilar Barletta Barragan Bass Beatty Bera Bishop (GA) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Buck Bucshon Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Graves (LA) Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Huffman Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) LaHood Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McKinley McNerney Meehan Meeks Meng Messer Mooney (WV) Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Noem Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Roe (TN) Rosen Roybal-Allard Royce (CA) Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schrader Scott (VA) Scott, David Sensenbrenner Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Tipton Titus Tonko Torres Tsongas Turner Upton Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Zeldin NOES--192 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barr Barton Bergman Beyer Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Bost Brady (TX) Brat Brooks (AL) Buchanan Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Culberson Davidson Denham DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Griffith Grothman Guthrie Handel Harper Harris Hartzler [[Page H7370]] Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hoyer Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer MacArthur Marchant Marshall Massie Mast McCarthy McCaul McClintock McHenry McMorris Rodgers McSally Meadows Mitchell Moolenaar Mullin Newhouse Norman Nunes Olson Palazzo Palmer Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Renacci Rice (SC) Roby Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Russell Rutherford Sanford Schneider Schweikert Scott, Austin Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Taylor Tenney Thompson (PA) Thornberry Trott Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) NOT VOTING--16 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Marino Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1800 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 155 Offered by Mr. Murphy of Pennsylvania The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Pennsylvania (Mr. Murphy) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 198, noes 219, not voting 16, as follows: [Roll No. 504] AYES--198 Abraham Adams Aguilar Amodei Bacon Barletta Barr Bass Beatty Bera Bergman Bilirakis Bishop (GA) Bishop (MI) Bishop (UT) Blum Blumenauer Bonamici Bost Brooks (IN) Brown (MD) Brownley (CA) Buchanan Buck Bucshon Burgess Butterfield Byrne Carbajal Carter (GA) Cheney Cleaver Collins (GA) Collins (NY) Cooper Costello (PA) Crawford Cuellar Curbelo (FL) Davis, Rodney DeFazio Delaney DelBene Dent Deutch Donovan Dunn Eshoo Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fortenberry Foster Fudge Gabbard Gaetz Gallagher Garamendi Gianforte Gibbs Gohmert Gonzalez (TX) Gottheimer Gowdy Graves (LA) Green, Al Green, Gene Griffith Guthrie Hanabusa Handel Harper Hartzler Hastings Herrera Beutler Higgins (LA) Hill Hudson Huizenga Hultgren Hunter Jackson Lee Jeffries Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, E. B. Jones Kaptur Katko Kelly (IL) Kelly (PA) Kind King (IA) King (NY) Kinzinger Kuster (NH) LaHood LaMalfa Lance Larsen (WA) Latta Lawrence Lee Lieu, Ted Lipinski LoBiondo Loebsack Luetkemeyer Lynch MacArthur Mast McCarthy McHenry McKinley McMorris Rodgers McNerney McSally Meehan Meeks Messer Mitchell Mooney (WV) Mullin Murphy (PA) Newhouse Noem Nolan O'Halleran O'Rourke Palmer Panetta Paulsen Pearce Perlmutter Perry Peters Peterson Poliquin Polis Reed Reichert Renacci Rice (SC) Richmond Roe (TN) Rogers (AL) Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Rutherford Sanford Schrader Sewell (AL) Shea-Porter Sherman Shimkus Shuster Sinema Smith (MO) Smith (NJ) Smith (WA) Smucker Stefanik Stivers Suozzi Tenney Thompson (CA) Thompson (MS) Thompson (PA) Thornberry Tipton Torres Trott Turner Upton Vela Visclosky Wagner Walberg Walden Walorski Walters, Mimi Webster (FL) Wenstrup Westerman Wilson (SC) Woodall Yoder Yoho Young (IA) Zeldin NOES--219 Aderholt Allen Amash Arrington Babin Banks (IN) Barragan Barton Beyer Biggs Black Blackburn Blunt Rochester Boyle, Brendan F. Brady (PA) Brady (TX) Brat Brooks (AL) Budd Bustos Calvert Capuano Cardenas Carson (IN) Carter (TX) Cartwright Castor (FL) Castro (TX) Chabot Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Coffman Cohen Cole Comer Comstock Conaway Connolly Conyers Cook Correa Courtney Cramer Crist Crowley Culberson Cummings Davidson Davis (CA) Davis, Danny DeGette Demings Denham DeSantis DeSaulnier DesJarlais Dingell Doggett Doyle, Michael F. Duffy Duncan (SC) Duncan (TN) Ellison Emmer Engel Espaillat Esty (CT) Evans Fleischmann Flores Foxx Frankel (FL) Franks (AZ) Frelinghuysen Gallego Gomez Goodlatte Gosar Granger Graves (GA) Grijalva Grothman Gutierrez Harris Heck Hensarling Hice, Jody B. Higgins (NY) Himes Holding Hollingsworth Hoyer Huffman Hurd Issa Jayapal Johnson (GA) Johnson, Sam Jordan Joyce (OH) Keating Kelly (MS) Kennedy Khanna Kihuen Kildee Kilmer Knight Krishnamoorthi Kustoff (TN) Labrador Lamborn Langevin Larson (CT) Levin Lewis (GA) Lewis (MN) Lofgren Long Love Lowenthal Lowey Lucas Lujan Grisham, M. Lujan, Ben Ray Maloney, Carolyn B. Maloney, Sean Marchant Marshall Massie Matsui McCaul McClintock McCollum McEachin McGovern Meadows Meng Moolenaar Moore Moulton Murphy (FL) Nadler Napolitano Neal Norcross Norman Nunes Olson Palazzo Pallone Pascrell Payne Pelosi Pingree Pittenger Pocan Poe (TX) Price (NC) Quigley Raskin Ratcliffe Rice (NY) Roby Rogers (KY) Rohrabacher Rosen Roybal-Allard Ruiz Ruppersberger Rush Russell Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schweikert Scott (VA) Scott, Austin Scott, David Sensenbrenner Serrano Sessions Simpson Sires Slaughter Smith (NE) Smith (TX) Soto Speier Stewart Swalwell (CA) Takano Taylor Titus Tonko Tsongas Valadao Vargas Veasey Velazquez Walker Walz Wasserman Schultz Waters, Maxine Watson Coleman Weber (TX) Welch Williams Wilson (FL) Wittman Womack Yarmuth Young (AK) NOT VOTING--16 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Marino Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1804 Mr. PALMER changed his vote from ``no'' to ``aye.'' So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 160 Offered by Mr. Ben Ray Lujan of New Mexico The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from New Mexico (Mr. Ben Ray Lujan) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 213, noes 205, not voting 15, as follows: [Roll No. 505] AYES--213 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Buck Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) [[Page H7371]] Clarke (NY) Clay Cleaver Cohen Collins (GA) Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Hurd Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Mast Matsui McCollum McEachin McGovern McNerney McSally Meeks Meng Mooney (WV) Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Trott Tsongas Upton Vargas Veasey Vela Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wenstrup Wilson (FL) Yarmuth NOES--205 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Black Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Buchanan Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Culberson Davidson Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Issa Jenkins (KS) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers Meadows Meehan Messer Mitchell Moolenaar Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Perry Pittenger Poe (TX) Poliquin Ratcliffe Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Turner Valadao Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--15 Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1807 Mr. BARR changed his vote from ``aye'' to ``no.'' So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 161 Offered by Mrs. Lowey The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from New York (Mrs. Lowey) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 228, noes 188, not voting 17, as follows: [Roll No. 506] AYES--228 Adams Aguilar Barletta Barr Barragan Bass Beatty Bera Bishop (GA) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (IN) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gaetz Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hollingsworth Hoyer Huffman Hurd Jackson Lee Jayapal Jeffries Johnson (GA) Johnson (LA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Marino Mast Matsui McCollum McEachin McGovern McNerney Meadows Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reichert Rice (NY) Rice (SC) Richmond Rogers (KY) Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (TX) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Taylor Tenney Thompson (CA) Thompson (MS) Thompson (PA) Tipton Titus Tonko Torres Tsongas Upton Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (AK) Zeldin NOES--188 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barton Bergman Beyer Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Bost Brady (TX) Brooks (AL) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cramer Crawford Culberson Davidson Davis, Rodney Denham DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hudson Huizenga Hultgren Hunter Issa Jenkins (KS) Jenkins (WV) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) [[Page H7372]] King (IA) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas MacArthur Marchant Marshall Massie McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Ratcliffe Reed Renacci Roby Roe (TN) Rogers (AL) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smucker Stewart Thornberry Trott Turner Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) NOT VOTING--17 Black Brat Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1810 So the amendment was agreed to. The result of the vote was announced as above recorded Amendment No. 164 Offered by Mr. Courtney The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Connecticut (Mr. Courtney) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 204, noes 212, not voting 17, as follows: [Roll No. 507] AYES--204 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson, E. B. Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lowenthal Lowey Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Maloney, Carolyn B. Maloney, Sean Matsui McCaul McCollum McEachin McGovern McKinley McNerney Meeks Meng Moore Moulton Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Olson Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Poe (TX) Polis Price (NC) Quigley Raskin Reichert Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Schweikert Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (TX) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Tipton Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Weber (TX) Welch Wilson (FL) Yarmuth NOES--212 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carbajal Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Cooper Cramer Crawford Culberson Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Lynch MacArthur Marchant Marino Marshall Massie Mast McCarthy McClintock McHenry McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (FL) Murphy (PA) Newhouse Noem Norman Nunes Palazzo Palmer Paulsen Pearce Perry Pittenger Poliquin Ratcliffe Reed Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--17 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Lofgren Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1813 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 167 Offered by Mr. Lewis of Minnesota The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Minnesota (Mr. Lewis) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 153, noes 263, answered ``present'' 1, not voting 16, as follows: [Roll No. 508] AYES--153 Abraham Allen Arrington Babin Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Blackburn Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Budd Burgess Byrne Carter (GA) Carter (TX) Chabot Collins (GA) Comer Costello (PA) Cramer Culberson Curbelo (FL) Davidson Davis, Rodney DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fitzpatrick Flores Foxx Franks (AZ) Gallagher Gianforte Gibbs Goodlatte Gosar Gowdy Granger Graves (LA) Griffith Grothman Guthrie [[Page H7373]] Handel Harris Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Holding Hollingsworth Hudson Hultgren Hunter Johnson (LA) Johnson, Sam Jones Jordan Katko Kelly (MS) Kelly (PA) King (IA) Kustoff (TN) LaHood Lamborn Latta Lewis (MN) Luetkemeyer Marchant Marshall Massie Mast McCarthy McCaul McClintock McHenry McMorris Rodgers Messer Mitchell Moolenaar Mooney (WV) Murphy (PA) Noem Norman Olson Palazzo Palmer Perry Peters Peterson Pittenger Poe (TX) Poliquin Reed Renacci Rice (SC) Roe (TN) Rogers (AL) Rohrabacher Rokita Rouzer Royce (CA) Rush Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Smith (TX) Smucker Taylor Tenney Tipton Trott Turner Vela Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wittman Woodall Yoder Yoho Young (IA) Zeldin NOES--263 Adams Aderholt Aguilar Amash Amodei Bacon Barragan Bass Beatty Bera Beyer Bishop (GA) Bishop (UT) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bucshon Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Cheney Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Coffman Cohen Cole Collins (NY) Comstock Conaway Connolly Conyers Cook Cooper Correa Courtney Crawford Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fleischmann Fortenberry Foster Frankel (FL) Frelinghuysen Fudge Gabbard Gaetz Gallego Garamendi Gohmert Gomez Gonzalez (TX) Gottheimer Graves (GA) Green, Al Green, Gene Grijalva Gutierrez Hanabusa Harper Hartzler Hastings Heck Higgins (NY) Hill Himes Hoyer Huffman Huizenga Hurd Issa Jackson Lee Jayapal Jeffries Jenkins (KS) Jenkins (WV) Johnson (GA) Johnson (OH) Johnson, E. B. Joyce (OH) Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Knight Krishnamoorthi Kuster (NH) Labrador LaMalfa Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Long Love Lowenthal Lowey Lucas Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Matsui McCollum McEachin McGovern McKinley McNerney McSally Meadows Meehan Meeks Meng Moore Moulton Mullin Murphy (FL) Nadler Napolitano Neal Newhouse Nolan Norcross Nunes O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Pingree Pocan Polis Price (NC) Quigley Raskin Ratcliffe Reichert Rice (NY) Richmond Roby Rogers (KY) Rooney, Thomas J. Rosen Roskam Rothfus Roybal-Allard Ruiz Ruppersberger Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Simpson Sinema Sires Slaughter Smith (MO) Smith (NE) Smith (NJ) Smith (WA) Soto Speier Stefanik Stewart Stivers Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Thompson (PA) Thornberry Titus Tonko Torres Tsongas Upton Valadao Vargas Veasey Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Wilson (SC) Womack Yarmuth Young (AK) ANSWERED ``PRESENT''--1 Blum NOT VOTING--16 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1817 Mr. GOHMERT changed his vote from ``aye'' to ``no.'' So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 168 Offered by Mr. Grothman The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. Grothman) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 131, noes 285, not voting 17, as follows: [Roll No. 509] AYES--131 Allen Amash Arrington Babin Bacon Banks (IN) Barr Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Brat Brooks (AL) Buchanan Buck Budd Burgess Byrne Carter (GA) Chabot Collins (GA) Comer Conaway Crawford Culberson Davidson DeSantis DesJarlais Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Flores Franks (AZ) Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Graves (GA) Graves (LA) Griffith Grothman Guthrie Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hunter Jenkins (KS) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Kelly (MS) King (IA) Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lewis (MN) Long Love Marchant Marshall Massie McCarthy McCaul McClintock McMorris Rodgers Meadows Messer Mooney (WV) Mullin Noem Norman Olson Palazzo Palmer Pearce Perry Pittenger Poe (TX) Ratcliffe Renacci Rice (SC) Roe (TN) Rohrabacher Rokita Rothfus Rouzer Royce (CA) Russell Sanford Schweikert Scott, Austin Sensenbrenner Sessions Smith (MO) Smith (NE) Smith (TX) Stewart Taylor Thornberry Wagner Walker Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Wilson (SC) Wittman Woodall Yoho Young (IA) NOES--285 Abraham Adams Aderholt Aguilar Amodei Barletta Barragan Barton Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brady (TX) Brooks (IN) Brown (MD) Brownley (CA) Bucshon Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Carter (TX) Cartwright Castor (FL) Castro (TX) Cheney Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Coffman Cohen Cole Collins (NY) Comstock Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Cramer Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Duffy Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Ferguson Fitzpatrick Fleischmann Fortenberry Foster Foxx Frankel (FL) Frelinghuysen Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Gowdy Granger Green, Al Green, Gene Grijalva Gutierrez Hanabusa Handel Harper Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Hultgren Hurd Issa Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson, E. B. Joyce (OH) Kaptur Katko Keating Kelly (IL) Kelly (PA) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Knight Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Latta Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lucas Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Mast Matsui McCollum McEachin McGovern McHenry McKinley McNerney McSally Meehan Meeks Meng Mitchell Moolenaar Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Newhouse Nolan Norcross Nunes O'Halleran O'Rourke Pallone Panetta Paulsen Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reed [[Page H7374]] Reichert Rice (NY) Richmond Roby Rogers (AL) Rogers (KY) Rooney, Thomas J. Rosen Roskam Roybal-Allard Ruiz Ruppersberger Rush Rutherford Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Shimkus Shuster Simpson Sinema Sires Slaughter Smith (NJ) Smith (WA) Smucker Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Tenney Thompson (CA) Thompson (MS) Thompson (PA) Tipton Titus Tonko Torres Trott Tsongas Turner Upton Valadao Vargas Veasey Vela Velazquez Visclosky Walberg Walden Walorski Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Williams Wilson (FL) Womack Yarmuth Yoder Young (AK) Zeldin NOT VOTING--17 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Pascrell Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1821 Mr. PALMER changed his vote from ``no'' to ``aye.'' So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 170 Offered by Mr. Grothman The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. Grothman) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 175, noes 241, not voting 17, as follows: [Roll No. 510] AYES--175 Abraham Aderholt Allen Amash Arrington Babin Bacon Banks (IN) Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Carter (GA) Carter (TX) Chabot Cheney Coffman Collins (GA) Comer Comstock Conaway Crawford Culberson Davidson DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Franks (AZ) Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Kelly (MS) Kelly (PA) King (IA) Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Luetkemeyer Marchant Marshall Massie Mast McCarthy McCaul McClintock McHenry McMorris Rodgers McSally Meadows Messer Mitchell Mooney (WV) Mullin Newhouse Noem Norman Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Ratcliffe Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Taylor Thornberry Tipton Trott Upton Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOES--241 Adams Aguilar Amodei Barletta Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Cole Collins (NY) Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Cramer Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Foxx Frankel (FL) Frelinghuysen Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Herrera Beutler Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Joyce (OH) Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Knight Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lucas Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Matsui McCollum McEachin McGovern McKinley McNerney Meehan Meeks Meng Moolenaar Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Nolan Norcross Nunes O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Poliquin Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Rogers (KY) Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Shimkus Shuster Simpson Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Tenney Thompson (CA) Thompson (MS) Thompson (PA) Titus Tonko Torres Tsongas Turner Valadao Vargas Veasey Vela Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Wilson (SC) Yarmuth Young (AK) NOT VOTING--17 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Schrader Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1824 So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 172 Offered by Mr. Meadows The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from North Carolina (Mr. Meadows) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 178, noes 238, answered ``present'' 1, not voting 16, as follows: [Roll No. 511] AYES--178 Abraham Allen Amash Amodei Arrington Bacon Banks (IN) Barletta Barr Barton Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Bost Brady (TX) Brat Buchanan Buck Bucshon Budd Burgess Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Conaway Cook Cramer Crawford Culberson Davidson Davis, Rodney DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Handel Harris Hartzler Hice, Jody B. Higgins (LA) Hill Holding [[Page H7375]] Hollingsworth Hudson Hultgren Hunter Hurd Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer Marchant Marino Marshall Massie Mast McCaul McClintock McHenry McKinley McMorris Rodgers Meadows Messer Mitchell Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Olson Palazzo Palmer Pearce Perry Poe (TX) Poliquin Ratcliffe Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Roskam Rothfus Rouzer Russell Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Sinema Smith (MO) Smith (NE) Smith (TX) Smucker Stewart Stivers Taylor Tenney Thornberry Tipton Turner Valadao Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoho Young (IA) Zeldin NOES--238 Adams Aderholt Aguilar Babin Barragan Bass Beatty Bera Bergman Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brooks (AL) Brooks (IN) Brown (MD) Brownley (CA) Bustos Butterfield Byrne Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Comstock Connolly Conyers Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Cummings Curbelo (FL) Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fortenberry Foster Foxx Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Guthrie Gutierrez Hanabusa Harper Hastings Heck Hensarling Herrera Beutler Higgins (NY) Himes Hoyer Huffman Issa Jackson Lee Jayapal Jeffries Jenkins (KS) Johnson (GA) Johnson, E. B. Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Matsui McCarthy McCollum McEachin McGovern McNerney McSally Meehan Meeks Meng Moolenaar Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross Nunes O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pelosi Perlmutter Peters Peterson Pingree Pittenger Pocan Polis Price (NC) Quigley Raskin Reed Reichert Rice (NY) Richmond Rooney, Thomas J. Rosen Roybal-Allard Royce (CA) Ruiz Ruppersberger Rush Rutherford Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Simpson Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Stefanik Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Thompson (PA) Titus Tonko Torres Trott Tsongas Upton Vargas Veasey Vela Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Yoder Young (AK) ANSWERED ``PRESENT''--1 Huizenga NOT VOTING--16 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1827 Mr. PITTENGER changed his vote from ``aye'' to ``no.'' Mr. AMODEI changed his vote from ``no'' to ``aye.'' So the amendment was rejected. The result of the vote was announced as above recorded. Amendment No. 173 Offered by Mr. Walberg The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Michigan (Mr. Walberg) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 221, noes 196, not voting 16, as follows: [Roll No. 512] AYES--221 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Cuellar Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Faso Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) Long Love Lucas Luetkemeyer Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOES--196 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton [[Page H7376]] Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (AK) NOT VOTING--16 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1830 So the amendment was agreed to. The result of the vote was announced as above recorded. Amendment No. 174 Offered by Mrs. Blackburn The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentlewoman from Tennessee (Mrs. Blackburn) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 156, noes 260, not voting 17, as follows: [Roll No. 513] AYES--156 Abraham Allen Amash Arrington Babin Bacon Banks (IN) Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Carter (GA) Chabot Coffman Collins (GA) Comer Conaway Cramer Crawford Davidson DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Flores Franks (AZ) Gaetz Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harris Hartzler Hensarling Hice, Jody B. Higgins (LA) Hill Holding Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Kelly (MS) King (IA) Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) Long Love Lucas Marchant Marshall Massie Mast McCarthy McCaul McClintock McHenry McMorris Rodgers McSally Meadows Messer Mitchell Mooney (WV) Mullin Noem Norman Olson Palazzo Palmer Perry Pittenger Poe (TX) Poliquin Ratcliffe Rice (SC) Roe (TN) Rogers (AL) Rohrabacher Rokita Rothfus Rouzer Royce (CA) Russell Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Smith (MO) Smith (TX) Stewart Taylor Thornberry Tipton Upton Wagner Walberg Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Woodall Yoder Yoho Young (IA) Zeldin NOES--260 Adams Aderholt Aguilar Amodei Barletta Barr Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Bost Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Calvert Capuano Carbajal Cardenas Carson (IN) Carter (TX) Cartwright Castor (FL) Castro (TX) Cheney Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Cole Collins (NY) Comstock Connolly Conyers Cook Cooper Correa Costello (PA) Courtney Crist Crowley Cuellar Culberson Cummings Curbelo (FL) Davis (CA) Davis, Danny Davis, Rodney DeFazio DeGette Delaney DelBene Demings Denham Dent DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Fleischmann Fortenberry Foster Foxx Frankel (FL) Frelinghuysen Fudge Gabbard Gallagher Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Granger Green, Al Green, Gene Grijalva Gutierrez Hanabusa Harper Hastings Heck Herrera Beutler Higgins (NY) Himes Hollingsworth Hoyer Huffman Jackson Lee Jayapal Jeffries Jenkins (WV) Johnson (GA) Johnson, E. B. Joyce (OH) Kaptur Katko Keating Kelly (IL) Kelly (PA) Kennedy Khanna Kihuen Kildee Kilmer Kind King (NY) Kinzinger Knight Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Luetkemeyer Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Marino Matsui McCollum McEachin McGovern McKinley McNerney Meehan Meeks Meng Moolenaar Moore Moulton Murphy (FL) Murphy (PA) Nadler Napolitano Neal Newhouse Nolan Norcross Nunes O'Halleran O'Rourke Pallone Panetta Pascrell Paulsen Payne Pearce Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Reed Reichert Renacci Rice (NY) Richmond Roby Rogers (KY) Rooney, Thomas J. Rosen Roskam Roybal-Allard Ruiz Ruppersberger Rush Rutherford Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Simpson Sinema Sires Slaughter Smith (NJ) Smith (WA) Smucker Soto Speier Stefanik Stivers Suozzi Swalwell (CA) Takano Tenney Thompson (CA) Thompson (MS) Thompson (PA) Titus Tonko Torres Trott Tsongas Turner Valadao Vargas Veasey Vela Velazquez Visclosky Walden Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Womack Yarmuth Young (AK) NOT VOTING--17 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Smith (NE) Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1833 So the amendment was rejected. The result of the vote was announced as above recorded. Stated for: Mr. SMITH of Nebraska. Mr. Chair, I was unavoidably detained. Had I been present, I would have voted ``yea'' on rollcall No. 513. Amendment No. 186 Offered by Mr. Ellison The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Minnesota (Mr. Ellison) on which further proceedings were postponed and on which the noes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 191, noes 226, not voting 16, as follows: [Roll No. 514] AYES--191 Adams Aguilar Bacon Barragan Bass Beatty Bera Beyer Bishop (GA) Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Cooper Correa Courtney Crist Crowley Cuellar Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Doyle, Michael F. Duncan (TN) Ellison Emmer Engel Eshoo Espaillat Esty (CT) Evans Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez [[Page H7377]] Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Kaptur Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Peterson Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth NOES--226 Abraham Aderholt Allen Amash Amodei Arrington Babin Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Blum Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carbajal Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Culberson Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Donovan Duffy Duncan (SC) Dunn Estes (KS) Farenthold Faso Ferguson Fitzpatrick Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Gonzalez (TX) Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jones Jordan Joyce (OH) Katko Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Lance Latta Lewis (MN) LoBiondo Long Love Lucas Luetkemeyer MacArthur Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Rooney, Thomas J. Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (NJ) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (AK) Young (IA) Zeldin NOT VOTING--16 Black Bridenstine Clyburn Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1836 So the amendment was rejected. The result of the vote was announced as above recorded. AMENDMENT NO. 187 OFFERED BY MR. GIBBS The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Ohio (Mr. Gibbs) on which further proceedings were postponed and on which the ayes prevailed by voice vote. The Clerk will redesignate the amendment. The Clerk redesignated the amendment. Recorded Vote The Acting CHAIR. A recorded vote has been demanded. A recorded vote was ordered. The Acting CHAIR. This is a 2-minute vote. The vote was taken by electronic device, and there were--ayes 215, noes 201, not voting 17, as follows: [Roll No. 515] AYES--215 Abraham Aderholt Allen Amash Amodei Arrington Babin Bacon Banks (IN) Barletta Barr Barton Bergman Biggs Bilirakis Bishop (MI) Bishop (UT) Blackburn Bost Brady (TX) Brat Brooks (AL) Brooks (IN) Buchanan Buck Bucshon Budd Burgess Byrne Calvert Carter (GA) Carter (TX) Chabot Cheney Coffman Cole Collins (GA) Collins (NY) Comer Comstock Conaway Cook Costello (PA) Cramer Crawford Curbelo (FL) Davidson Davis, Rodney Denham Dent DeSantis DesJarlais Duffy Duncan (SC) Duncan (TN) Dunn Emmer Estes (KS) Farenthold Ferguson Fleischmann Flores Fortenberry Foxx Franks (AZ) Frelinghuysen Gaetz Gallagher Gianforte Gibbs Gohmert Goodlatte Gosar Gowdy Granger Graves (GA) Graves (LA) Griffith Grothman Guthrie Handel Harper Harris Hartzler Hensarling Herrera Beutler Hice, Jody B. Higgins (LA) Hill Holding Hollingsworth Hudson Huizenga Hultgren Hunter Hurd Issa Jenkins (KS) Jenkins (WV) Johnson (LA) Johnson (OH) Johnson, Sam Jordan Joyce (OH) Kelly (MS) Kelly (PA) King (IA) King (NY) Kinzinger Knight Kustoff (TN) Labrador LaHood LaMalfa Lamborn Latta Lewis (MN) Long Love Lucas Luetkemeyer Marchant Marino Marshall Massie Mast McCarthy McCaul McClintock McHenry McKinley McMorris Rodgers McSally Meadows Meehan Messer Mitchell Moolenaar Mooney (WV) Mullin Murphy (PA) Newhouse Noem Norman Nunes Olson Palazzo Palmer Paulsen Pearce Perry Peterson Pittenger Poe (TX) Poliquin Ratcliffe Reed Reichert Renacci Rice (SC) Roby Roe (TN) Rogers (AL) Rogers (KY) Rohrabacher Rokita Roskam Rothfus Rouzer Royce (CA) Russell Rutherford Sanford Schweikert Scott, Austin Sensenbrenner Sessions Shimkus Shuster Simpson Smith (MO) Smith (NE) Smith (TX) Smucker Stefanik Stewart Stivers Taylor Tenney Thompson (PA) Thornberry Tipton Trott Turner Upton Valadao Wagner Walberg Walden Walker Walorski Walters, Mimi Weber (TX) Webster (FL) Wenstrup Westerman Williams Wilson (SC) Wittman Womack Woodall Yoder Yoho Young (IA) Zeldin NOES--201 Adams Aguilar Barragan Bass Beatty Bera Beyer Bishop (GA) Blum Blumenauer Blunt Rochester Bonamici Boyle, Brendan F. Brady (PA) Brown (MD) Brownley (CA) Bustos Butterfield Capuano Carbajal Cardenas Carson (IN) Cartwright Castor (FL) Castro (TX) Chu, Judy Cicilline Clark (MA) Clarke (NY) Clay Cleaver Cohen Connolly Conyers Correa Courtney Crist Crowley Cuellar Culberson Cummings Davis (CA) Davis, Danny DeFazio DeGette Delaney DelBene Demings DeSaulnier Deutch Dingell Doggett Donovan Doyle, Michael F. Ellison Engel Eshoo Espaillat Esty (CT) Evans Faso Fitzpatrick Foster Frankel (FL) Fudge Gabbard Gallego Garamendi Gomez Gonzalez (TX) Gottheimer Green, Al Green, Gene Grijalva Gutierrez Hanabusa Hastings Heck Higgins (NY) Himes Hoyer Huffman Jackson Lee Jayapal Jeffries Johnson (GA) Johnson, E. B. Jones Kaptur Katko Keating Kelly (IL) Kennedy Khanna Kihuen Kildee Kilmer Kind Krishnamoorthi Kuster (NH) Lance Langevin Larsen (WA) Larson (CT) Lawrence Lee Levin Lewis (GA) Lieu, Ted Lipinski LoBiondo Loebsack Lofgren Lowenthal Lowey Lujan Grisham, M. Lujan, Ben Ray Lynch MacArthur Maloney, Carolyn B. Maloney, Sean Matsui McCollum McEachin McGovern McNerney Meeks Meng Moore Moulton Murphy (FL) Nadler Napolitano Neal Nolan Norcross O'Halleran O'Rourke Pallone Panetta Pascrell Payne Pelosi Perlmutter Peters Pingree Pocan Polis Price (NC) Quigley Raskin Rice (NY) Richmond Rooney, Thomas J. [[Page H7378]] Rosen Roybal-Allard Ruiz Ruppersberger Rush Ryan (OH) Sanchez Sarbanes Schakowsky Schiff Schneider Schrader Scott (VA) Scott, David Serrano Sewell (AL) Shea-Porter Sherman Sinema Sires Slaughter Smith (NJ) Smith (WA) Soto Speier Suozzi Swalwell (CA) Takano Thompson (CA) Thompson (MS) Titus Tonko Torres Tsongas Vargas Veasey Vela Velazquez Visclosky Walz Wasserman Schultz Waters, Maxine Watson Coleman Welch Wilson (FL) Yarmuth Young (AK) NOT VOTING--17 Black Bridenstine Clyburn Cooper Costa DeLauro Diaz-Balart Garrett Graves (MO) Lawson (FL) Loudermilk Posey Rooney, Francis Ros-Lehtinen Ross Scalise Tiberi Announcement by the Acting Chair The Acting CHAIR (during the vote). There is 1 minute remaining. {time} 1839 So the amendment was agreed to. The result of the vote was announced as above recorded. Mr. COLE. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to. Accordingly, the Committee rose; and the Speaker pro tempore (Mr. Banks of Indiana) having assumed the chair, Mr. Collins of Georgia, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R 3354) making appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2018, and for other purposes, had come to no resolution thereon.

**Load-Date:** September 16, 2017

**End of Document**



[***Ukraine expert views defence industry 'sore spots' - part 1***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RW5-MW51-DYRV-300W-00000-00&context=1516831)

BBC Monitoring Kiev Unit

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**Length:** 3389 words

**Body**

In a two-part article, military expert Serhiy Zhurets has looked at 10 "sore spots" of Ukraine's defence industry and the state-owned defence concern Ukroboronprom. Some of the problems include the lack of clear control over state defence, the need for an international audit, clusterisation, personnel policy and export rights. Also, he warns that Ukraine's defence industry is "doomed" without new technologies. The following is the text of the first part of Serhiy Zhurets' article entitled "Ten sore spots of the military industrial complex and the state-owned defence concern Ukroboronprom" and published in the online version of the Ukrainian magazine Defense Express on 27-28 February 2018; the subheadings are as published:

The era of slogans must give way to an era of a skills set. Such are our major expectations against the backdrop of measures to be implemented in this country's defence industry complex. In a way, 2018 will be the moment of truth, a real trial, an efficiency test of the current entire state system's ability to meet the army's needs for modern arms and create conditions for bringing the defence industry really up to date. But what is standing in the way? What and how can and should be changed?

This is why the information consulting company Defense Express has conducted a series of surveys and discussions. They involved specialists of governmental and non-governmental agencies, expert and research organisations and directors of defence enterprises of different forms of ownership. Those events helped specify the main vulnerabilities and sore spots which concern industrialists and experts who are familiar with realities prevailing in the military technical and defence industrial domains. The store of knowledge, ideas and suggestions thus accumulated provided the basis for an analytical report entitled "In search of power recipes, or 10 sore spots of the defence industry complex and the Ukroboronprom state concern". The report was ***planned*** to be published in the next issue of the Defense Express magazine.

Yet personnel reshuffles at Ukroboronprom happily coincided with the completion of our work. So we decided not to wait for the "hard" copy of the magazine and to post the main points of the report in the public domain to maximise their availability and sensible use. It is just now that the ideas and suggestions covered by this work may be in demand. The report has 10 sections. The first five (Part A) are published today.

Serhiy Zhurets, director of the information consulting company Defense Express

1. Who is in charge of the defence industry and on the difference between ownership and control

Time and again, the issue is raised in Ukraine of the need to set up a central executive body that would attend to the defence industry complex, have a "special deputy prime minister" as its nerve centre and "control" state-owned enterprises in the defence industry complex.

According to a number of experts, an interest in this subject is fuelled first and foremost by unjustified hopes to get control through this unique "body" both over the essentially increased financial flows in the defence sector and over state property, such as enterprises of the defence industry which remains almost the only undivided "field" since the times of the Soviet empire. Yet in fact the current regulatory framework of this country has already got some safety devices against such risks.

By its resolution of 27 May 2015, the Cabinet of Ministers of Ukraine approved the strategy for increasing the efficiency of business entities working in the public sector of the economy. The document reads that, in compliance with recommendations from the Organisation for Economic Cooperation and Development [OECD], the functions of the state as an owner should be separated from those of the state as a regulator. After all, these two functions being combined in one executive body will generate a conflict of interest. The regulator state and the owner state will lobby above all for the interests of state companies and ignore those of private business, which is unacceptable for Ukraine, given its trend to increase the number of private enterprises working on the state defence order in the interests of all uniformed agencies.

The law of Ukraine "On central bodies of executive power" entrusts regulatory functions in Ukraine only to ministries. However, none of Ukraine's ministries is authorised to formulate and implement defence industry policy. Therefore, there is neither a special minister nor a person in charge of this segment in the real sector of the economy. The government has people in charge of culture, ***agriculture*** and energy but nobody is responsible for the defence industry as we hear: "war, aggression, ATO [security operation in eastern Ukraine], give us tanks!" The Ministry of Economic Development and Trade has the only function today to generalise proposals on such issues from other central executive bodies but it has no responsibility.

No wonder that when no-one is responsible for defence industry policy unique things happen. A case in point is a 14 February government meeting giving fast-track support to a resolution initiated by the defence minister to change again the approved rate of profit. This means revoking decisions passed by the government on 12 February same year [2018] upon approval by that very Ministry of Defence. This move disregards the interests of both state and private defence enterprises and there is just no-one to stand up for them.

In these conditions, a number of experts see an optimal and prompt solution in a government decision to amend the regulations on the Ministry of Economic Development and Trade so as to authorise the ministry to formulate and implement defence industry policy. By the way, such steps were ***planned*** back in 2016 but the unconstructive stance taken by individual senior managers of the Ukroboronprom state corporation delayed the matter indefinitely.

Also, it is necessary to pass both the development concept approved by the president of Ukraine [Petro Poroshenko] for the security and defence sector and the draft law "On national security of Ukraine".

One could reasonably attribute the slow pace of decision making by the central executive body to the fact that no official in the government wants to take on real responsibility for a whole bunch of problems related to the defence industry. This concerns first and foremost the implementation of three key ***programmes***: the state target defence ***programme*** for the development of arms and military equipment for the period until 2021; the state target ***programme*** for reforming and developing the defence industry complex of Ukraine until 2021 and the state target ***programme*** to set up and master the production of ammunition and special chemical goods until 2021.

As regards the state's owner function, that is control over defence enterprises' assets, it is now being performed mainly by the state concern Ukroboronprom. Although defence enterprises are also subordinated to the State Space Agency of Ukraine, the Ministry of Defence and others.

The function of control over business entities can be implemented either via a separate state body, for instance an agency for issues of the defence industry complex (there have been such ideas but setting up a new administrative structure looks absolutely unreasonable in the current situation, given the shortage of budget funds, specialists and others), or by establishing a (joint-stock, holding or other) management company. Experts say this is just the right direction for the Ukroboronprom state concern to take in its transformation. In its current status, Ukroboronprom as a business entity has come into collision with new challenges and new requirements domestically and internationally.

2. Ukroboronprom. Room for opportunities

The Ukroboronprom state concern was established by Resolution of the Cabinet of Ministers of Ukraine No 993 of 2012. Most experts hold the opinion that the purpose of its establishment was to concentrate control over Ukraine's defence industry complex in the hands of the Kremlin's agents of influence. The project also envisaged that Ukroboronprom would become an umbrella for the best "financial and technological titbits" of Ukraine's aerospace industry: the state-run Pivdenne [Yuzhnoye] design bureau and Pivdenmash [Yuzhmash rocket plant]. The National Security and Defence Council [NSDC] of Ukraine even took a decision to this effect in 2013 (which failed to be implemented only thanks to efforts by concerned people but it has not been cancelled up to this moment).

The concentration of control over property (production facilities, technologies and projects) in the hands of Ukroboronprom was expected to make it much easier to involve Ukraine's state enterprises in defence industry ***programmes*** strengthening the Russian Federation's military potential and then to privatise them at good prices using Russian capital. The threat was quite real, given the absence of a ministry for industrial policy and the minimised role of parliament.

However, the monopoly game played a crueljoke on the ***plan*** masterminded by [Russian deputy prime minister in charge of defence industry Dmitry] Rogozin. During the first stage of the war with Russia, just thanks to its administrative (actually directive) powers, Ukroboronprom played a positive role coordinating domestic enterprises' effort and focusing them on the priority tasks of repairing, modernising and ***producing*** arms and military equipment for the needs of ATO in eastern Ukraine.

The establishment of Ukroboronprom to some extent helped to depoliticise the defence industry domain which should also be regarded as a positive factor.

Yet today we urgently need to finalise some provisions of the Ukroboronprom charter, specifically its objectives and functions previously focused mainly on foreign economic activity. Now the emphasis should be laid on efforts to implement a unified scientific, technical and technological policy; to coordinate its member enterprises' production activity first of all to provide state customers with arms and military equipment; and to settle problems related to import substitution and working out and implementing a development strategy. Another urgent task, already announced by Ukroboronprom's new head, is to improve the concern's structure. It is also necessary to professionalise (renew) its human resources and streamline the strength, functions and objectives of its structural units. Efforts should be taken to make it impossible for Ukroboronprom to interfere in its enterprises' business activity groundlessly.

3. On extraordinary role of supervisory board

After a long break, thanks to decisions by the president and the Cabinet of Ministers of Ukraine, the Ukroboronprom supervisory board is 80 per cent formed and its head has been elected. The board head is Mykhaylo Zhurovskyy, Doctor of Engineering, a prestigious practical scientist, president of Igor Sikorsky Kiev [Kyiv] Politechnic Institute and academician of the National Academy of Sciences of Ukraine. This fact certainly holds out a hope of essential changes to experts and society. The professional expert community is ready to provide the supervisory board with their conclusions and suggestions that could give it fresh blood and a spirit of new solutions.

The supervisory board's powers are decisive in formulating Ukroboronprom's development strategy and guidelines for activity; supervising the fulfilment of tasks entrusted to the concern; drawing up amendments to the concern's charter which does not fully meet new requirements after the start of Russian aggression against Ukraine; initiating (outlining the goals and objectives of) audits on the activity of the concern and its participants and in appointing and dismissing members of Ukroboronprom's audit service: such information is unavailable on the concern's website up to this time.

The supervisory board members' principled stand will be pivotal not only for success in the concern's transition to new market-oriented methods of control and adapting it to new conditions. It will also be important for enhancing trust in this institution, which is so important for Ukraine's defence capability, from society, the authorities and international partners.

4. On international audit and self-preservation instinct

In the context of holding an international audit of the Ukroboronprom state concern by international companies, we would like to ask some rhetorical questions.

Are there companies among renowned international auditors that have experience of drawing up proposals on reorganising defence industry in post-Communist countries? What scope of information do international experts need for auditing and is that information public? Will individual countries use such activity as a ground for legalising their intelligence interests in Ukraine and its potential in still remaining areas of competitive conflicts between Ukrainian and foreign developers and manufacturers of arms and military equipment? Will the potential of domestic research institutions and the Ministry of Defence be harnessed to map out measures for restructuring state-owned enterprises in Ukraine's defence industry complex? We are speaking in particular about a thorough research project titled Fabryka to be implemented by the Central Research Institute for Armament and Military Equipment of the Armed Forces of Ukraine. Will the international audit end up with piles of paper containing no proposals practicable in Ukraine's reality for reasons including the lack of legislative grounds for the transfer of all necessary classified information to international experts?

Without answering these questions first, we will have doubts that the audit will have only positive consequences for Ukraine. It is significant that some experts have said that the US readiness to fund key audit events should be regarded not only as an attempt to orient the state sector of our defence industry towards market principles. We should not rule it out that they may be trying to put into practice a strategy aimed at further limiting Ukraine's cooperation with partners viewed by the USA as unadvisable primarily in terms of its own national interests. In particular, these include individual states in the Arab world and China which also have an interest in our enterprises in the context of their further corporatization.

Reality as seen today from Ukraine's angle is as follows: our defence industry is doomed without new technologies, materials, units and components. On the other side, if Ukraine becomes just a sales market for foreign arms under the guise of military technical aid and joint projects, our defence industry will at best act as a second-level supplier. All present-day military technical cooperation with European and US companies has shown the following. Such cooperation is very limited. There are practically no joint projects. Supplies of samples of arms and equipment are politically selective. The purchase of components for our defence projects has not become simpler but more complicated despite any declarations of friendship and support. This is why, given the current level of trust or mistrust, which is in essence the same, it is important to look for new models of interaction. It should be clearly understood that we need to protect our market from friends, too. As for recommendations and decisions, they should be drawn up with due regard to our own interests.

By the way, the NSDC-approved draft law "On national security of Ukraine" envisages a review of the defence industry complex. The review must be carried out by the central executive body using a mechanism outlined by the Cabinet of Ministers. Therefore it looks logical to combine a review and an audit within one event with the Ukrainian side playing the leading role and involving international experts in this work. By the way, this very model was used in the defence review conducted by the Ministry of Defence of Ukraine.

As part of such a review, it would be reasonable to spend foreign donors' funds to help Ukraine implement best foreign practices in transforming its legislation related to defence industry operation, interacting with state customers, setting up joint ventures, transferring technologies, implementing offsetprojects and minimising corruption risks in this domain. Such experience could really help this country speed up transformation in its defence sector and attract foreign investments.

5. On science for defence

Regrettably, we did not have a sufficient number meetings in 2017 for representatives of research institutions under the National Academy of Sciences of Ukraine, the Ministry of Education, the Ministry of Defence, the Ministry of Economic Development and Trade, the National Institute for ***Strategic*** Studies [NISS] and the state concern Ukroboronprom to discuss and prepare proposals for the state leadership on the most problematic issues related to defence industry reforms and development. One exception is a practical research conference organised by the Central Research Institute for Armament and Military Equipment during the Arms and Security 2017 exhibition. Such discussions were mostly initiated by non-governmental think tanks, first of all the Centre for Army, Conversion and Disarmament Studies [CACDS] and the information consulting company Defense Express. They involved some "expert officials" who voiced their personal opinions.

The draft law "On national security of Ukraine" entrusts the National Institute for ***Strategic*** Studies with the functions of scientific and expert analytical support to reform in the security and defence sector including the defence industry complex. In view of this fact, this institution may become a platform on which comprehensive science-based recommendations will be prepared to help the government avoid potential errors in decision making and choose optimal solutions. The experience and tolerance of the NISS management and its leading staff members give hope for real consolidation of scientific thought on this particular platform.

The government-approved list of basic and critical technologies, and statements about setting up GARDA, Ukraine's state agency for advanced research, have put on record our understanding that innovative solutions and approaches have a decisive and irreversible impact on this country's future. It was said that GARDA would bring together developers, start-ups, investment funds and military, and it would be based on the model of the US agency DARPA (Defense Advanced Research Projects Agency). Yet DARPA whose experience Ukraine is trying to emulate, as it seems, only by using a similar sounding name, operates in the Pentagon's zone of responsibility and interests. After all, it is the customer that determines the needs and prospects for implementing advanced scientific and technological solutions based on analysis of means and methods of warfare. The Ministry of Education being entrusted with finalising the list of Ukraine's basic and critical technologies may become another stumbling block. Therefore, if the state agency for advanced research, GARDA, does appear in Ukraine, it is necessary to closely examine in detail the issue of this agency's role and place, in order to dispel doubts that this initiative may be populist homage paid to an innovation trend.

Experts also point out the need to use also the potential of the National Research Foundation and the Scientific Council of Ukraine for the Development of Science and Technologies. Amendments should be envisaged for the Cabinet of Ministers resolution to harness the potential of the National Research Foundation with its volumes of funding for solving priority problems related to enhancing the state's competitiveness. After all, the development of areas put on the list of basic and critical technologies should be no lower in priority than the energy security sector. Therefore, a section for defence technologies should be established within the Scientific Council of Ukraine for the Development of Science and Technologies and it should have the authority to make proposals on priority funding from the National Research Foundation.

[End of part 1]

Source: Defense-Express website in Russian 27 Feb 18

**Load-Date:** March 15, 2018

**End of Document**



[***New measures expected to incentivise investment and grow Tunisia's agricultural sector***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-751G-00000-00&context=1516831)

Oxford Business Group: Articles

May 2018

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**Length:** 2253 words

**Body**

***Agriculture*** in Tunisia mostly consists of olive oil, cereals, dates, fruits and vegetables. In recent years efforts to modernise the sector have steered it towards the development of an agri-business industry and away from traditional, small family farms.

However, the sector still has to deal with several challenges, including land fragmentation, which contributes to poor access to credit; a considerable technology gap; along with climatic fluctuation and weak irrigation infrastructure, leading to low productivity. Given its export potential, most remarkably for olive oil, the sector has been made a key priority for the government, as exemplified by recent laws that comprise a series of measures to boost ***agriculture*** investment.

**Sector Contribution**

***Agriculture*** plays an important role in the Tunisian economy. Together with fishery, it accounted for 9.1% of GDP in 2016, generating TD8.2bn ((EURO)3.1bn), increasing by 0.18% on 2015. Challenging environmental conditions were partly responsible for the low GDP growth recorded in 2016, however improvements were expected for the following year. Indeed, according to the latest data available from the National Institute of Statistics (Institut National de la Statistique, INS), the ***agriculture*** and fisheries sector's contribution to GDP grew by approximately 8% year-on-year (y-o-y) in the first three quarters of 2017, from TD6.1bn ((EURO)2.3bn) to TD6.6bn ((EURO)2.5bn). In terms of contribution to employment in the country, the sector represented 14.5% of total jobs in 2017.

**Output**

Arable land in Tunisia makes up 65% of the national territory, or 10.5m ha, of which 5.3m ha is cultivated. These lands are spread between three natural zones, allowing for a diverse ***agricultural*** base: the water-rich areas of the north account for the majority of production of fresh fruits and vegetables, while olive trees dominate the dry central region and Sahel coast, and date palms are found in the south. Tree crops occupy the largest share of land, covering 2.3m ha in 2015, according to the INS, including more than 1.5m ha allocated for olives. Meanwhile, some 1.2m ha of land was allocated for cereals.

In 2016 a total of 468,440 ha of land was irrigated. Of that, 41% was located in the northern area and irrigated mainly through dams, 38% in the central region with renewable groundwater and 21% in the south with mostly fossil groundwater. As a result of low levels of irrigation, ***agriculture*** in Tunisia depends heavily on rainfall, which means that production can vary significantly from one year to the next.

Partly due to drought, the 2016/17 season started with lower-than-average output, though by the end of the season cereal harvest was up 24.4% on 2015/16, hitting 1.6m tonnes, and citrus production reached an all-time high of 560,000 tonnes. While production of olive oil contracted by 55% over the same season, the 2017/18 harvest is predicted to be more fruitful; output is forecast to rise by 20% to 30% on 2016/17 figures. Similarly, the production of dates is also expected to see an increase in 2017/18, of 26% on the previous season.

**Investment**

***Agriculture*** benefitted from TD693.8m ((EURO)266.4m) of approved investment in 2017, according to the ***Agriculture*** Investment Promotion Agency (Agence de Promotion des Investissements Agricoles, APIA), the public body overseeing sector investment. This represented a decline of 5.8% compared to 2016, which APIA explained was caused by the transitory period following the implementation of the 2016 Investment Law. Time may therefore be required for stakeholders to become familiar with the new legal provisions that will impact the way they conduct business in the ***agricultural*** sector.

Foreign investment followed the same trend, dropping by 46.8% on 2016 figures to stand at TD5.7m ((EURO)2.2m) by the end of December 2017. Investments were largely allocated to existing projects, rather than new ones. In light of the slowdown, the government is working on innovative methods to attract investors. "We are looking to incentivise investment in the sector to help modernise it, in part through the setting up of an accompanying instrument, as well as the establishment of a public-private partnership, for ***strategic*** investors and youth," Abderrahman Chaffai, director-general of APIA, told OBG. Early effects of the government's efforts to promote investment were felt at the start of 2018, as the ***agriculture*** sector saw a 38.4% y-o-y increase in the value of declared investment in January.

**Incentives**

The 2016 Investment Law, which came into force in April 2017, includes several fiscal incentives in favour of the ***agriculture*** sector. Most notably, the law stipulates that ***agriculture*** investors be exempt from corporate tax, as well as taxes on income and profit that originate from direct investment in the sector, for 10 years, after which only one-third of those financial inflows shall be subject to taxation.

In the same vein, the 2018 Finance Law further supports investment in the sector, helping reduce, for instance, production costs through the suspension of Customs duties for certain ***agriculture*** inputs, such as mineral salt and food additives. This law, however, in an attempt to curb an expanding budget deficit, has introduced new measures to reduce public spending.

"According to the 2018 Finance Law, all products derived from flour will have 10% more consumption duties, even if they are ***produced*** locally and sold in Tunisian dinars," Karim Gahbiche, CEO of Céréalis, a Portuguese food ***producer*** and milling company, told OBG. "Although this measure was meant to counter the flour subsidy, industries are now overcompensating and paying more than the real market price for flour."

**Trade**

For the last two decades Tunisia has been a net importer of ***agricultural*** products. The total value of exports from the sector, including agri-food, stood at TD3.3bn ((EURO)1.3bn) in 2017, up 18.1% on 2016. Meanwhile, the value of imports grew by 19.8% over the same period to TD4.7bn ((EURO)1.8bn). This put the overall food trade balance for 2017 in a deficit of TD1.4bn ((EURO)537.6m), 25.9% higher than the previous year. The coverage rate stood at 70.9%, down 0.9 percentage points as a result of a rise in imports.

In 2017 Tunisia's chief food import was cereals, worth TD1.8bn ((EURO)691.1m), of which 57% was attributable to wheat, followed by sugar with TD683m ((EURO)262.3m) and vegetable oils at TD633m ((EURO)243.1m).

The country's main ***agricultural*** exports for 2017 included olive oil, which stood at TD1bn ((EURO)384m); dates, at TD558m ((EURO)214.3m); seafood, worth TD357m ((EURO)137.1m); tomatoes, at TD59m ((EURO)22.7m); and citrus, which totalled TD21m ((EURO)8.1m).

Driven largely by olive oil exports, early figures for 2018 looked promising, registering a positive food trade balance of TD268m ((EURO)103m) by the end of February 2018, compared to the TD295m ((EURO)113m) deficit recorded in the same period of 2017.

**Cereals**

Historically considered the breadbasket of the Roman Empire, today Tunisia mostly depends on imports for its cereal needs. With monthly consumption clocking in at 98,000 tonnes of wheat, 95,000 tonnes of durum and 65,000 tonnes of barley, it is the world's third-largest cereal consumer per capita. However, local production meets just 70% of domestic demand in durum, 40% in barley and 15% in wheat. Local production for the 2016/17 season reached 1.6m tonnes, including 1.1m tonnes of wheat and 476,000 tonnes of barley, an increase of 24.4% on the previous season.

Despite the ***strategic*** role of the cereal industry in Tunisia's food sector, the industry deals with a number of challenges, among which is a lack of irrigation - only 77,600 ha of land cultivated for cereals is irrigated - and a poor grasp of irrigation techniques, as well as a shortage of equipment and competition with other crops. In late December 2017 a study by the Institut Tunisien des Etudes Stratégiques, in collaboration with the UN World Food ***Programme***, found that the low yield in cereals was also a result of the poor quality of land and inputs, and ranked Tunisia 120th out of 191 countries in terms of cereal production.

**Olive Oil**

As one of the world's largest ***producers*** and exporters of olive oil, Tunisia has been placing increasing importance on this segment in recent years, not least due to its economic, social and environmental relevance; olive oil accounts for 30% of Tunisia's total food exports, supports 1m individuals and protects soils from desertification. The sector comprises 309,000 ***producers***, or 65% of all farmers; 1750 oil presses, with a capacity of 43,680 tonnes per day; 15 oil-refining units; and 14 extraction plants.

The production of olive oil is dependent on 80m trees, 30% of which are located in the north, 45% in the central region and 25% in the south. After hitting a record high of 310,000 tonnes of olive oil exports in 2015, the drought in 2016 saw output drop to 112,700 tonnes, substantially below the 2006-16 average of 180,000 tonnes. According to the December 2017 bulletin of the National Office of Oil, olive oil exports for that year decreased further to 102,800 tonnes.

Productivity remains a concern, according to Mohamed Mahjoub, manager at farming corporation Sadira. "In the regions where olives are planted, there is low productivity. Tunisia has one of the world's lowest ***agricultural*** productivity rates for olives. The soil is poor and there is not enough water, especially with the last few years of drought," he told OBG.

To boost production, government authorities launched a $19m ***programme*** in 2016, with the objective of planting an additional 5m olive trees by 2020, raising average annual output to 250,000 tonnes of olive oil.

On average, 80% of olive oil is exported and 20% is consumed locally. Some 90% of exports are sold in bulk, with the remainder packaged in glass bottles and metallic tins. Historically, Europe is the largest importer of Tunisian olive oil, making up about 70% of the market - Italy imports 42% and Spain 26% - followed by the US, which imports around 18%. The Tunisian olive oil industry benefits from trade agreements with both Europe and the US, with the former allowing Tunisia to export 91,700 tonnes of oil duty free to Europe annually, and the latter granting preferential access to olive oil shipped from Tunisia under the US Generalised System of Preferences ***programme***.

Furthermore, Europe and Tunisia are looking to strengthen their trade relationships through ongoing negotiations for a Deep and Comprehensive Free Trade Agreement, the outcome of which is likely to ensure at least the retention of the duty-free allowance.

**Access to Finance**

Notwithstanding the support for investment and trade in the ***agricultural*** industry, the sector faces certain challenges stemming its development. Access to credit, in particular, represents a major hurdle, with just 7% of Tunisian farmers having access to bank loans, not least because of the difficulties faced by the sector, including output variability, and weak profit margins on the back of rising production costs and mandated price ceilings. The Initiative pour la Promotion des Filières Agricoles, carried out by the German international development agency, GIZ, for the 2015-19 period aims to develop a new approach to financing small and medium-sized enterprises. The approach is based on a new tripartite funding model created in partnership with the National ***Agricultural*** Bank (Banque Nationale Agricole, BNA); the micro-finance subsidiary of Islamic bank Banque Zitouna, Zitouna Tamkeen; and local bank Taysir Microfinance.

**Agro-Industry**

The agri-business industry accounts for 3% of Tunisia's GDP and 14% of value added in the industrial sector. It comprises 1086 companies, 20% of which are exporters, and generates 80,000 jobs . The industry has been growing over the years, boosted by changes in consumption habits towards processed products over fresh ones and higher purchasing power.

The food retail subsector has benefitted from the development of modern distribution outlets in joint ventures with mostly French foreign investors, such as Carrefour and Casino. However, the sector industry is characterised by a lack of integration, which impacts end-consumer prices, exacerbated by creeping inflation that is expected to reach 7.2% in 2018.

Furthermore, irregular access to raw materials, which depend on rain-fed ***agriculture***, limits opportunities for firms to expand their business internationally and makes it more difficult to forecast output.

To overcome these obstacles, several stakeholders are looking to promote vertical integration, as illustrated by the cluster approach to sector financing currently being developed by GIZ, the BNA, Zitouna Tamkeen and Taysir Microfinance, with the goal of boosting output and promoting collaboration between subsectors at the regional level.

**Outlook**

***Strategic*** segments such as olive oil and cereals are still heavily reliant on rainfall, which threatens the sector's objectives in terms of output and clouds visibility of long-term development ***plans***. In the face of increasingly constrained public funding, the government has chosen to lay the groundwork for attracting further private investment to help modernise the sector, with raising access to irrigated water one of the top priorities in the Tunisia 2020 strategy. The government's commitment to tackle upcoming challenges, including climatic hazards and desertification, will be key to the sustainable growth of Tunisia's ***agriculture***.

**Load-Date:** March 12, 2020

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[***UN Deputy Secretary-General's remarks at Strategic Consultative Meeting on the Sahel***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S00-J7W1-F0K1-N1PF-00000-00&context=1516831)

FinancialWire

March 28, 2018 Wednesday

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**Body**

UN Deputy Secretary-General's remarks at ***Strategic*** Consultative Meeting on the Sahel:

Your Excellency Mr. Mohamed Ould Abdel Aziz, President of Mauritania,

Your Excellency Mr. Isselkou Ould Ahmed Izid Bih, Minister for Foreign Affairs and Cooperation of Mauritania,

Your Excellency Mr. Moussa Faki Mahamat, Chairperson of the African Union,

Excellencies,

Ladies and Gentlemen,

I am pleased to be with you today to discuss how we can, together, improve the situation in the Sahel.

This timely gathering will help ensure that the security and development efforts being driven by the countries, people and institutions of the sub-region are aligned with what the African Union, United Nations and other international partners are doing.

The Sahel is a priority for the Secretary-General and the entire United Nations system.

It is a litmus test of the ongoing UN reforms, which aim to better avert and address complex and multidimensional crises such as the one we are facing in the region.

The insecurity and volatility of the region stem from the increasing threat posed by terrorism and violent extremism and its spread in surrounding countries and regions.

This is compounded -- or caused -- by weak development progress in the 10 countries of the Sahel and the impacts of climate change on food security, migration flows and conflict over land and resources.

The complexity and multi-dimensional nature of these challenges attest to the necessity to respond collectively to the Sahel crisis, and in a more coherent, comprehensive and integrated manner.

If we are to put an end to violence, conflict and terrorism in the region, we must address their root causes, including the lack of access to basic rights, services and economic opportunities, socio-economic exclusion, marginalization, discrimination, and corruption.

The Security Council has affirmed the centrality of the United Nations Integrated Strategy for the Sahel in responding to the Sahel crisis, and it has called on donors to mobilize their efforts and align their activities to the key priorities and objectives of the Strategy, to ensure better coordination and efficiency of the international response to the needs of the people and communities of the Sahel.

While we have had a mandate to respond to the challenges in the Sahel through UNISS, we have up to now not ***produced*** the results we desire.

Therefore, over the last year or so, we have been working to recalibrate UNISS to ensure that it is responsive to the needs of the countries of the region, and to strengthen our partnerships with national governments and other actors.

The recalibrated UNISS will also enable the entire United Nations to be mobilized to deliver together in support of the momentum that has been generated for the Sahel.

The recent terrorist attacks in Ouagadougou, as well as the almost daily attacks on State actors, civilians and United Nations peacekeepers in Mali, along with threats to humanitarian workers, remind us of the urgency to act.

While the situation in Burkina Faso, Niger and Mali remains of key concern, the flow of instability to other countries is equally worrying and needs to be stopped without further delay.

This crisis requires an approach that creates the right conditions and an environment conducive to long-term solutions and sustainable development.

We need to provide support to the Governments of the Sahel countries to strengthen their capacities to absorb international aid, deliver basic services to all, and secure their territories and borders.

It must be an approach that promotes political and socio-economic inclusion, especially for women and young people, strengthens community resilience and social cohesion, ensures human rights for all and takes action to address climate change and its impacts.

An approach that encompasses human rights, sustainable development, peace and security, and humanitarian assistance and enables us to deliver through a common vision for the needs of all segments of the population.

The work that is being done by all parts of the United Nations system in the Sahel, including on human rights and peacekeeping, will inform the framework that we are developing.

The recalibrated UN Integrated Strategy for the Sahel will bring this vision to life.

Over the past few years, while there have been well-intended efforts, one of the main challenges in the Sahel is the multiplicity of actors and initiatives in the region, often not pulling in the same direction.

This cannot continue.

We need to ensure that we are investing in a coordinated and complementary fashion in support of national and regional priorities.

Over the past few months, the whole UN System has been mobilized and has been relentlessly working towards identifying these key priorities, recalibrating the UNISS and developing a UN support ***plan*** that will trigger investment in the Sahel and contribute to mobilizing the necessary resources for the 10 countries of the region.

Following a mapping exercise of the different activities in the region and based on the UNISS itself, we have identified five key priorities for its implementation:

1) inclusive and equitable growth;

2) public good services, including access to basic service, governance and rule of law;

3) climate and energy;

4) gender equality and women's empowerment; and

5) security, including preventing violent extremism, transnational crime and human trafficking.

Youth will be treated as an overall priority.

The recalibrated UNISS and the UN support ***plan*** for the Sahel are in line with the national and regional needs of the Sahel peoples and governments, including the G5 Priority Investment ***Programme***, and the Secretary-General's vision on prevention and sustaining peace.

At their core are the 2030 Agenda for Sustainable development and the Agenda 2063, our roadmaps for a prosperous and peaceful Sahel.

The United Nations has also identified the need to scale-up its own investments in the Sahel given the pattern of sub-optimal investment in the region compared with other areas facing similar levels of fragility and instability.

In 2015 for example, total expenditure through UN channels across the Sahel -- combining peace operations, development, humanitarian and other ***interventions*** -- stood at $ 2.7 billion dollars.

Compare this with $ 4.5 billion in Sudan and South Sudan, and $ 3.4 billion in the Central African Republic, Republic of Congo and Democratic Republic of Congo.

The new UN Support ***Plan*** for the Sahel will cover the period 2018 to 2022.

It aims to accelerate and increase the impact of UN action on the ground, as well as that of the African Union and other partners, through complementary, as well as collaborative action..

The Support ***Plan*** indicates specifically what the UN can provide in terms of support and expertise to the countries of the Sahel and to our partners in the region under the UNISS framework.

The UN action in the Sahel will be implemented through six priority, multi-agency and cross-country ***programmes***, ranging from providing support for cross-border cooperation to prevent violent extremism and human trafficking, to strengthening access to justice, addressing food security and conflict through climate-smart ***agriculture***, promoting entrepreneurship and empowering women and youth, and supporting security sector reforms.

A key principle of the UN Support ***Plan*** will be to ensure that Governments of the Sahel countries are in the driving seat while implementation and impact is localized.

It is hence instrumental for the UN to work hand in hand with them and closely with the African Union towards that end.

The recently signed UN-AU frameworks on peace and security, and on development provide a framework within which to pursue our common aims.

Excellencies,

In April last year, the African Union authorized the deployment of the G5 Sahel Joint Force.

This past year has in many ways been a showcase for how much can be achieved when the international community comes together behind a shared goal. I would like to commend the African Union, European Union and our bilateral partners, who are working hand in hand with us to drive forward real change in the Sahel.

The recent donor conference in Brussels was a success in terms of pledges for the operationalization of the Joint Force, which now total $ 414 million dollars and cover almost the entirety of the $ 423-dollar million budget the G5 Sahel presented for the Joint Force's first year of operations, including start-up costs.

I applaud the tremendous efforts G5 Sahel Member States have undertaken to see this initiative succeed, and I also commend the commitment of the international community.

However, military and security focused responses have time and again proven their limits and we all know that sustaining peace cannot be achieved without sustainable development.

It is therefore vital that we make sure that spending on social services such as health and education and the promotion of good governance and inclusive development is adequately balanced.

While the security situation in the region is worrying, we cannot neglect the massive humanitarian crisis.

Growing insecurity in Mali and armed attacks in border regions in Burkina Faso and Niger have uprooted hundreds of families in recent months, adding to the continuing devastation caused by the conflict in the Lake Chad Basin.

At the same time, drought has affected much of the Sahel, with Mauritania and parts of Burkina Faso, Chad, Senegal and Mali the worst affected.

The lean season has begun early and will last longer, increasing people's vulnerability, particularly the many pastoralist communities.

Overall, this year, 24 million people will need humanitarian assistance in the Sahel.

Considering the 135.7 million people in need globally, this means that nearly 1 person out of 5 requiring humanitarian assistance resides in the Sahel.

To address the most urgent needs across the region, the UN and its partners are seeking $ 2.7 billion dollars for humanitarian response efforts in eight countries in 2018: Burkina Faso, Cameroon, Chad, Mali, Mauritania, Niger, Nigeria and Senegal.

Excellencies,

To conclude, I would like to focus our attention on the importance of changing the narrative in the Sahel.

That means supporting national and regional efforts, increasing our own impact, and working for the coherence and efficiency of all efforts, under national leadership, for concrete and quick results.

This will enable us to generate significant interest in the region from development partners and investors, including the private sector, and mobilize greater efforts and resources, including from the Sahel countries themselves.

Our goal, through the recalibrated UNISS as the overarching framework in the Sahel, is to work with you to make a difference in the countries of the region by supporting efforts to sustain peace, build resilience of communities, achieve sustainable development, progress and prosperity, and ensure the dignity and rights of all the people of the Sahel.

Together, we must ensure that no one is left behind and reach out to those furthest behind first.

Thank you.

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[***Ukraine expert views defence industry 'sore spots' - part 1***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S64-BR81-DYRV-30BC-00000-00&context=1516831)

BBC Monitoring Kiev Unit

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**Body**

In a two-part article, military expert Serhiy Zhurets has looked at 10 "sore spots" of Ukraine's defence industry and the state-owned defence concern Ukroboronprom. Some of the problems include the lack of clear control over state defence, the need for an international audit, clusterisation, personnel policy and export rights. Also, he warns that Ukraine's defence industry is "doomed" without new technologies. The following is the text of the first part of Serhiy Zhurets' article entitled "Ten sore spots of the military industrial complex and the state-owned defence concern Ukroboronprom" and published in the online version of the Ukrainian magazine Defense Express on 27-28 February 2018; the subheadings are as published:

The era of slogans must give way to an era of a skills set. Such are our major expectations against the backdrop of measures to be implemented in this country's defence industry complex. In a way, 2018 will be the moment of truth, a real trial, an efficiency test of the current entire state system's ability to meet the army's needs for modern arms and create conditions for bringing the defence industry really up to date. But what is standing in the way? What and how can and should be changed?

This is why the information consulting company Defense Express has conducted a series of surveys and discussions. They involved specialists of governmental and non-governmental agencies, expert and research organisations and directors of defence enterprises of different forms of ownership. Those events helped specify the main vulnerabilities and sore spots which concern industrialists and experts who are familiar with realities prevailing in the military technical and defence industrial domains. The store of knowledge, ideas and suggestions thus accumulated provided the basis for an analytical report entitled "In search of power recipes, or 10 sore spots of the defence industry complex and the Ukroboronprom state concern". The report was ***planned*** to be published in the next issue of the Defense Express magazine.

Yet personnel reshuffles at Ukroboronprom happily coincided with the completion of our work. So we decided not to wait for the "hard" copy of the magazine and to post the main points of the report in the public domain to maximise their availability and sensible use. It is just now that the ideas and suggestions covered by this work may be in demand. The report has 10 sections. The first five (Part A) are published today.

Serhiy Zhurets, director of the information consulting company Defense Express

1. Who is in charge of the defence industry and on the difference between ownership and control

Time and again, the issue is raised in Ukraine of the need to set up a central executive body that would attend to the defence industry complex, have a "special deputy prime minister" as its nerve centre and "control" state-owned enterprises in the defence industry complex.

According to a number of experts, an interest in this subject is fuelled first and foremost by unjustified hopes to get control through this unique "body" both over the essentially increased financial flows in the defence sector and over state property, such as enterprises of the defence industry which remains almost the only undivided "field" since the times of the Soviet empire. Yet in fact the current regulatory framework of this country has already got some safety devices against such risks.

By its resolution of 27 May 2015, the Cabinet of Ministers of Ukraine approved the strategy for increasing the efficiency of business entities working in the public sector of the economy. The document reads that, in compliance with recommendations from the Organisation for Economic Cooperation and Development [OECD], the functions of the state as an owner should be separated from those of the state as a regulator. After all, these two functions being combined in one executive body will generate a conflict of interest. The regulator state and the owner state will lobby above all for the interests of state companies and ignore those of private business, which is unacceptable for Ukraine, given its trend to increase the number of private enterprises working on the state defence order in the interests of all uniformed agencies.

The law of Ukraine "On central bodies of executive power" entrusts regulatory functions in Ukraine only to ministries. However, none of Ukraine's ministries is authorised to formulate and implement defence industry policy. Therefore, there is neither a special minister nor a person in charge of this segment in the real sector of the economy. The government has people in charge of culture, ***agriculture*** and energy but nobody is responsible for the defence industry as we hear: "war, aggression, ATO [security operation in eastern Ukraine], give us tanks!" The Ministry of Economic Development and Trade has the only function today to generalise proposals on such issues from other central executive bodies but it has no responsibility.

No wonder that when no-one is responsible for defence industry policy unique things happen. A case in point is a 14 February government meeting giving fast-track support to a resolution initiated by the defence minister to change again the approved rate of profit. This means revoking decisions passed by the government on 12 February same year [2018] upon approval by that very Ministry of Defence. This move disregards the interests of both state and private defence enterprises and there is just no-one to stand up for them.

In these conditions, a number of experts see an optimal and prompt solution in a government decision to amend the regulations on the Ministry of Economic Development and Trade so as to authorise the ministry to formulate and implement defence industry policy. By the way, such steps were ***planned*** back in 2016 but the unconstructive stance taken by individual senior managers of the Ukroboronprom state corporation delayed the matter indefinitely.

Also, it is necessary to pass both the development concept approved by the president of Ukraine [Petro Poroshenko] for the security and defence sector and the draft law "On national security of Ukraine".

One could reasonably attribute the slow pace of decision making by the central executive body to the fact that no official in the government wants to take on real responsibility for a whole bunch of problems related to the defence industry. This concerns first and foremost the implementation of three key ***programmes***: the state target defence ***programme*** for the development of arms and military equipment for the period until 2021; the state target ***programme*** for reforming and developing the defence industry complex of Ukraine until 2021 and the state target ***programme*** to set up and master the production of ammunition and special chemical goods until 2021.

As regards the state's owner function, that is control over defence enterprises' assets, it is now being performed mainly by the state concern Ukroboronprom. Although defence enterprises are also subordinated to the State Space Agency of Ukraine, the Ministry of Defence and others.

The function of control over business entities can be implemented either via a separate state body, for instance an agency for issues of the defence industry complex (there have been such ideas but setting up a new administrative structure looks absolutely unreasonable in the current situation, given the shortage of budget funds, specialists and others), or by establishing a (joint-stock, holding or other) management company. Experts say this is just the right direction for the Ukroboronprom state concern to take in its transformation. In its current status, Ukroboronprom as a business entity has come into collision with new challenges and new requirements domestically and internationally.

2. Ukroboronprom. Room for opportunities

The Ukroboronprom state concern was established by Resolution of the Cabinet of Ministers of Ukraine No 993 of 2012. Most experts hold the opinion that the purpose of its establishment was to concentrate control over Ukraine's defence industry complex in the hands of the Kremlin's agents of influence. The project also envisaged that Ukroboronprom would become an umbrella for the best "financial and technological titbits" of Ukraine's aerospace industry: the state-run Pivdenne [Yuzhnoye] design bureau and Pivdenmash [Yuzhmash rocket plant]. The National Security and Defence Council [NSDC] of Ukraine even took a decision to this effect in 2013 (which failed to be implemented only thanks to efforts by concerned people but it has not been cancelled up to this moment).

The concentration of control over property (production facilities, technologies and projects) in the hands of Ukroboronprom was expected to make it much easier to involve Ukraine's state enterprises in defence industry ***programmes*** strengthening the Russian Federation's military potential and then to privatise them at good prices using Russian capital. The threat was quite real, given the absence of a ministry for industrial policy and the minimised role of parliament.

However, the monopoly game played a crueljoke on the ***plan*** masterminded by [Russian deputy prime minister in charge of defence industry Dmitry] Rogozin. During the first stage of the war with Russia, just thanks to its administrative (actually directive) powers, Ukroboronprom played a positive role coordinating domestic enterprises' effort and focusing them on the priority tasks of repairing, modernising and ***producing*** arms and military equipment for the needs of ATO in eastern Ukraine.

The establishment of Ukroboronprom to some extent helped to depoliticise the defence industry domain which should also be regarded as a positive factor.

Yet today we urgently need to finalise some provisions of the Ukroboronprom charter, specifically its objectives and functions previously focused mainly on foreign economic activity. Now the emphasis should be laid on efforts to implement a unified scientific, technical and technological policy; to coordinate its member enterprises' production activity first of all to provide state customers with arms and military equipment; and to settle problems related to import substitution and working out and implementing a development strategy. Another urgent task, already announced by Ukroboronprom's new head, is to improve the concern's structure. It is also necessary to professionalise (renew) its human resources and streamline the strength, functions and objectives of its structural units. Efforts should be taken to make it impossible for Ukroboronprom to interfere in its enterprises' business activity groundlessly.

3. On extraordinary role of supervisory board

After a long break, thanks to decisions by the president and the Cabinet of Ministers of Ukraine, the Ukroboronprom supervisory board is 80 per cent formed and its head has been elected. The board head is Mykhaylo Zhurovskyy, Doctor of Engineering, a prestigious practical scientist, president of Igor Sikorsky Kiev [Kyiv] Politechnic Institute and academician of the National Academy of Sciences of Ukraine. This fact certainly holds out a hope of essential changes to experts and society. The professional expert community is ready to provide the supervisory board with their conclusions and suggestions that could give it fresh blood and a spirit of new solutions.

The supervisory board's powers are decisive in formulating Ukroboronprom's development strategy and guidelines for activity; supervising the fulfilment of tasks entrusted to the concern; drawing up amendments to the concern's charter which does not fully meet new requirements after the start of Russian aggression against Ukraine; initiating (outlining the goals and objectives of) audits on the activity of the concern and its participants and in appointing and dismissing members of Ukroboronprom's audit service: such information is unavailable on the concern's website up to this time.

The supervisory board members' principled stand will be pivotal not only for success in the concern's transition to new market-oriented methods of control and adapting it to new conditions. It will also be important for enhancing trust in this institution, which is so important for Ukraine's defence capability, from society, the authorities and international partners.

4. On international audit and self-preservation instinct

In the context of holding an international audit of the Ukroboronprom state concern by international companies, we would like to ask some rhetorical questions.

Are there companies among renowned international auditors that have experience of drawing up proposals on reorganising defence industry in post-Communist countries? What scope of information do international experts need for auditing and is that information public? Will individual countries use such activity as a ground for legalising their intelligence interests in Ukraine and its potential in still remaining areas of competitive conflicts between Ukrainian and foreign developers and manufacturers of arms and military equipment? Will the potential of domestic research institutions and the Ministry of Defence be harnessed to map out measures for restructuring state-owned enterprises in Ukraine's defence industry complex? We are speaking in particular about a thorough research project titled Fabryka to be implemented by the Central Research Institute for Armament and Military Equipment of the Armed Forces of Ukraine. Will the international audit end up with piles of paper containing no proposals practicable in Ukraine's reality for reasons including the lack of legislative grounds for the transfer of all necessary classified information to international experts?

Without answering these questions first, we will have doubts that the audit will have only positive consequences for Ukraine. It is significant that some experts have said that the US readiness to fund key audit events should be regarded not only as an attempt to orient the state sector of our defence industry towards market principles. We should not rule it out that they may be trying to put into practice a strategy aimed at further limiting Ukraine's cooperation with partners viewed by the USA as unadvisable primarily in terms of its own national interests. In particular, these include individual states in the Arab world and China which also have an interest in our enterprises in the context of their further corporatization.

Reality as seen today from Ukraine's angle is as follows: our defence industry is doomed without new technologies, materials, units and components. On the other side, if Ukraine becomes just a sales market for foreign arms under the guise of military technical aid and joint projects, our defence industry will at best act as a second-level supplier. All present-day military technical cooperation with European and US companies has shown the following. Such cooperation is very limited. There are practically no joint projects. Supplies of samples of arms and equipment are politically selective. The purchase of components for our defence projects has not become simpler but more complicated despite any declarations of friendship and support. This is why, given the current level of trust or mistrust, which is in essence the same, it is important to look for new models of interaction. It should be clearly understood that we need to protect our market from friends, too. As for recommendations and decisions, they should be drawn up with due regard to our own interests.

By the way, the NSDC-approved draft law "On national security of Ukraine" envisages a review of the defence industry complex. The review must be carried out by the central executive body using a mechanism outlined by the Cabinet of Ministers. Therefore it looks logical to combine a review and an audit within one event with the Ukrainian side playing the leading role and involving international experts in this work. By the way, this very model was used in the defence review conducted by the Ministry of Defence of Ukraine.

As part of such a review, it would be reasonable to spend foreign donors' funds to help Ukraine implement best foreign practices in transforming its legislation related to defence industry operation, interacting with state customers, setting up joint ventures, transferring technologies, implementing offsetprojects and minimising corruption risks in this domain. Such experience could really help this country speed up transformation in its defence sector and attract foreign investments.

5. On science for defence

Regrettably, we did not have a sufficient number meetings in 2017 for representatives of research institutions under the National Academy of Sciences of Ukraine, the Ministry of Education, the Ministry of Defence, the Ministry of Economic Development and Trade, the National Institute for ***Strategic*** Studies [NISS] and the state concern Ukroboronprom to discuss and prepare proposals for the state leadership on the most problematic issues related to defence industry reforms and development. One exception is a practical research conference organised by the Central Research Institute for Armament and Military Equipment during the Arms and Security 2017 exhibition. Such discussions were mostly initiated by non-governmental think tanks, first of all the Centre for Army, Conversion and Disarmament Studies [CACDS] and the information consulting company Defense Express. They involved some "expert officials" who voiced their personal opinions.

The draft law "On national security of Ukraine" entrusts the National Institute for ***Strategic*** Studies with the functions of scientific and expert analytical support to reform in the security and defence sector including the defence industry complex. In view of this fact, this institution may become a platform on which comprehensive science-based recommendations will be prepared to help the government avoid potential errors in decision making and choose optimal solutions. The experience and tolerance of the NISS management and its leading staff members give hope for real consolidation of scientific thought on this particular platform.

The government-approved list of basic and critical technologies, and statements about setting up GARDA, Ukraine's state agency for advanced research, have put on record our understanding that innovative solutions and approaches have a decisive and irreversible impact on this country's future. It was said that GARDA would bring together developers, start-ups, investment funds and military, and it would be based on the model of the US agency DARPA (Defense Advanced Research Projects Agency). Yet DARPA whose experience Ukraine is trying to emulate, as it seems, only by using a similar sounding name, operates in the Pentagon's zone of responsibility and interests. After all, it is the customer that determines the needs and prospects for implementing advanced scientific and technological solutions based on analysis of means and methods of warfare. The Ministry of Education being entrusted with finalising the list of Ukraine's basic and critical technologies may become another stumbling block. Therefore, if the state agency for advanced research, GARDA, does appear in Ukraine, it is necessary to closely examine in detail the issue of this agency's role and place, in order to dispel doubts that this initiative may be populist homage paid to an innovation trend.

Experts also point out the need to use also the potential of the National Research Foundation and the Scientific Council of Ukraine for the Development of Science and Technologies. Amendments should be envisaged for the Cabinet of Ministers resolution to harness the potential of the National Research Foundation with its volumes of funding for solving priority problems related to enhancing the state's competitiveness. After all, the development of areas put on the list of basic and critical technologies should be no lower in priority than the energy security sector. Therefore, a section for defence technologies should be established within the Scientific Council of Ukraine for the Development of Science and Technologies and it should have the authority to make proposals on priority funding from the National Research Foundation.

[End of part 1]

Source: Defense-Express website in Russian 27 Feb 18

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**End of Document**



[***Strategic agriculture investments in Oman's boost self-sufficiency and exports***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74DK-00000-00&context=1516831)

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**Body**

Targeted investments to enhance food security have seen Oman's ***agriculture*** and fisheries sector make advances as the government seeks ways to sustain a growing population and foster a more diverse economy. According to the Ministry of ***Agriculture*** and Fisheries (MAF), in 2016 production rose by 4.3% for ***agriculture*** and 8.7% for fisheries to 1.87m and 280,000 tonnes, respectively. Production is estimated to increase further given ongoing state support in areas ranging from dairy and aquaculture, to livestock and ***produce***. Although Oman is in a ***strategic*** location between the vast markets of Europe and Asia, it is constrained in the types of products it can easily make commercially viable due to its arid climate, soil salinity and water scarcity. Still, the sultanate forges ahead with development ***plans*** by leveraging technology to open up new pathways to growth.

Under its ninth five-year ***plan*** (FYP) for 2016-20 and the overarching Vision 2040 blueprint, the government is funding research to identify and test the most efficient and sustainable means to use available resources, including switching fields to crops that can tolerate high salinity levels, installing wireless smart meters to regulate water usage and using seawater to cool greenhouses. According to Fatma Rashid Al Kiyumi, the director of strategy and ***planning*** at the MAF, Oman could double or triple its food production simply by managing resources efficiently, with a focus on value-chain analysis and integration. To carry this out in an age of low oil prices, the sultanate is turning to the private sector, creating new opportunities for foreign investors and multinationals.

SLOW & STEADY: In 2016 the ***agriculture*** and fisheries sector grew by 16.3% to OR506m ($1.3bn), well above its five-year average of 6.4%, according to the Central Bank of Oman (CBO). This pushed its GDP contribution to 2%, up from 0.7% in 2014 and above its previous five-year average of 1.3% - a phenomenon partly due to the drop in oil price that shrank the value of Oman's top-earning industry by over one-third. It declined slightly to 1.5% of the total in the first half of 2017, as petroleum activity recorded a nearly 35% year-on-year rebound in current price terms. Oman's Vision 2040 goal is to reach a combined 5.1% by 2020: 3.1% for ***agriculture*** and 2% for fisheries.

Although still a relatively small contributor to GDP, ***agriculture*** and fisheries play a key role in the economy. As of 2015 these two industries employed around one-third of Oman's workforce of nearly 1m people, while the food security of approximately half of its 4.4m population depends on their success, according to a report by the Australian-based research institute, Future Directions International.

RULES & REGULATIONS: The sector's supervisory authority is the MAF, which has broad powers to draft laws, set policy, issue directives, conduct research, supervise quality and safety, and invest in development, though separate authorities oversee special economic zones where factories and processing centres are located. The Ministry of Commerce and Industry, for its part, oversees all commercial licensing, while the Ministry of Manpower regulates labour and training. Laws affecting the sector include but are not limited to those on product quality control (1998), conservation (2001), the establishment of a development fund (2004), and a package covering pest control, plant disease prevention, bee-keeping and enforcement (2006). Others that followed concern fertiliser use (2006), new plant varieties (2009), irrigation support (2010) and aquaculture (2012).

DEDICATED DEVELOPMENT: The Omani ***Agriculture*** Association - known as the Al Batinah Farmers Association until the Ministry of Social Development renamed it in February 2017 - pursues local development projects and represents farmers to government officials and in public forums. After Cyclone Gonu hit the country in 2007, damaging many productive facilities and causing significant food shortages, the government established a state-owned enterprise called Oman Food Investment Holding Company (OFIC), tasked with the primary mandate to develop food security through partnerships among state agencies, private firms and investors. OFIC companies now operate across staple food industries including dairy, flour, poultry, livestock, meat and fisheries.

In 2011 the government established The Research Council (TRC) as an independent body with the mandate to build Oman's research capacity and encourage innovation in both ***agricultural*** and non-***agricultural*** science sectors. The TRC now runs several grant ***programmes*** to this end, as well as an animal and plant genetic research centre, and since 2012 has commissioned the UN to conduct science, technology and innovation policy reviews to assess needs and make policy proposals. Additional state-funded research is carried out at the College of ***Agricultural*** and Marine Sciences at Sultan Qaboos University (SQU).

PUBLIC SPENDING: As the government continues its diversification initiatives amid a push for cost-optimisation, public spending on the sector has shifted away from subsidies that prop up the private sector and towards targeted investments that help industries stand on their own. While recurrent spending in the sector was cut by 2.7% to OR60.9m ($158.1m) in 2016, according to the Ministry of Finance, development spending, including direct investment in new projects, increased by 1.6% to OR38.1m ($98.9m).

Research and development spending shows a similar pattern. Recent data from the International Food Policy Research Institute shows Oman boosted public spending on ***agricultural*** research and development by one-third in constant price terms from 2007 to 2012 to $110m at purchasing power parity. At 6.5% of ***agricultural*** GDP, this gave the country one of the highest research and development intensity ratios in the world, and the highest among Arab nations, supporting 244 full-time-equivalent researchers, or 64 for every 100,000 farmers. Meanwhile, credit issued for ***agricultural*** and related activities in 2016 rose 7.7% to OR7.9bn ($20.5bn) - on trend with the previous two years at about 40% of total bank lending.

GROWING CONDITIONS: Oman's arid climate and soil conditions place constraints on what it can easily ***produce***. According to the Oman Soil Atlas prepared by the UN, average rainfall is about 110 mm per year, of which just 15% soaks into the soil after evaporation (80%) and seaward flows (5%); as a result, nearly two-thirds of its 310,000 sq km of land area is desert, and 93% is not arable. Due to this topography, most ***agricultural*** production occurs in a fertile, 400-km strip in the north-east between the Hajar Mountains and the Al Batinah coast, where alluvial soils and groundwater irrigation are able to support the growth of dates, vegetables, fruit trees, livestock and fodder. In coastal plains near Salalah, in the southwest Dhofar Governorate, there is substantial cultivation of coconuts, bananas, vegetables, maize, papayas, fodder and Rhodes grass. Further inland, in the Hajar, various *wadis* (valleys) - which constitute approximately half of Oman's productive ***agricultural*** area - receive runoff from the northern mountain ranges, and support the growth of date palms and other crops. Lands suitable for animal grazing total around 1.4m ha, mostly in the Al Batinah and Dhofar regions, while fodder crops covering around 1200 ha in Dhofar supply just over half of national demand, with the remainder imported.

Oman's extensive coastline of over 3000 km is lined with fishery landing sites receiving catches of sardines, bluefish, mackerel, tuna, lobster, oysters and abalone from the Indian Ocean, mostly through traditional fishing but also from limited commercial trawling in the 400,000-sq-km exclusive economic zone waters it controls and regulates.

FARM OUTPUT: ***Agricultural*** production has grown at a significant rate in recent years. Total output in 2016 reached 1.87m tonnes, up 4.3% on the previous year and 49.8% higher than the 1.25m tonnes output of 2012. The National Centre for Statistics and Information (NSCI) indicates cultivated area rose to 202,000 feddans (84,800 ha) in 2016, up 2.5% on 2015 and nearly one-quarter higher than in 2013.

As a result of this increase, as well as the oil price drop that shrank the value of Oman's main revenue-earning industry, ***agriculture*** contributed 1.2% to GDP in 2016, up substantially from 0.7% in 2014. According to the NCSI's 2017 estimates, the largest haul continued to be fodder crops, which made up 52% of the 1.87m-tonne total crop production, followed by fruit at 24% (of which dates made up 80%), vegetables such as tomatoes and cucumbers at 22%, and field crops such as maize and wheat at 2%. Honey production did exceptionally well, up 54% to 600,000 tonnes from 389,000 tonnes two years earlier.

HOLDING STEADY: The livestock industry continued its steady growth in 2016 with a total of 3434 tended animals, an increase of 2% over 2015 but a 28% rise over 2012. Between 2012 and 2016 distribution of livestock also continued to be steady, with approximately 64% goats, 17% sheep, 11% cows and 8% camels. Production of dairy rose, up 2% in 2016 to 95,000 tonnes, red meat production increaed by 2.3% to 44,000 tonnes, eggs by 17% to 400,000 tonnes, and poultry by 1.2% to 84,000 tonnes.

FISH CATCH: Traditional fishing accounted for 99% of Oman's total catch of 280,000 tonnes in 2016. According to the NSCI, this was up 8.7% on 2015 and 46% on 2012. The number of fishing licences reached 47,900 in 2016 after the MAF renewed 7545 and issued 1320 new ones, an overall increase of 65.5%. The licences are split between 47,900 fisherman and 25,800 boats, up 2% and 12% on 2015, respectively.

As a result, the industry was able to boost its exports of fish in 2016 by 2.7%, or 114,000 tonnes, earning OR58.8m ($152.7m), 20% more than in 2015. Currently, the largest export market is the GCC, which received 57% of the total, worth OR15m ($39m), followed by the US at 17%, or OR4.7m ($12.2m), and Europe at 1% with OR1.7m ($4.4m).

PUBLIC SUPPORT: Sector expansion is enabled mostly through government support, ranging from improved seed distribution and research, to veterinary services and vaccinations. The ministry conducts horticulture experiments at its 21 research farms, 16 plant and 10 animal laboratories throughout the country, and has around 2400 extension fields set up at private farm operations to help ensure the nation's food security, covering 1730 feddans (725 ha). In 2016 the ministry distributed 89,000 kg of seeds and 235,000 kg of fruit seedlings to farmers through 76 ***agricultural*** development centres, while for livestock it conducted 2.7m vaccinations and 2.3m animal treatments at its 68 vet hospitals and clinics. However, in the wake of the oil price drop, the ministry enacted a selection of cost-cutting measures, including cancelling its distribution of fishing equipment in 2016; in 2014 and 2015 the governorates had provided 774 boats, 891 outboard engines and 93 cranes. It also phased out its provision of insecticides to combat ***agricultural*** pests between 2010 and 2012.

DEVELOPMENT STRATEGY: The government's ***plans*** to support the development of the sector are laid out in a range of published policy documents. The ninth FYP names fisheries as one of the five key industries to be a focus of diversification efforts - alongside manufacturing, tourism, logistics and mining - and it expects growth of 7% per year over the five-year span driven by investments totalling OR1.1bn ($2.9bn).

To accompany the FYP, a sister ***programme*** was drawn up in 2016 called the National ***Programme*** for Enhancing Economic Diversification (Tanfeedh). In order to enable and accelerate the FYP's implementation, Tanfeedh conducted deliberative workshops with experts and stakeholders in late 2016 to identify development challenges, propose solutions, and outline ways to monitor and evaluate key performance indicators so as to audit and ensure accountability. The results of these workshops were published in the "Tanfeedh Handbook" in July 2017. In addition, between 2013 and 2017 the UN Food and ***Agriculture*** Organisation (FAO) conducted $1.4m worth of studies and technical missions to advise the Supreme Council for ***Planning*** on its forthcoming Sustainable ***Agriculture*** and Rural Development Strategy 2040, submitting its conclusions in October 2016. During this same period the MAF and the World Bank published a ***programme*** called Sustainable Management of the Fisheries Sector in Oman, laying out steps to manage overfishing and put the sector on a sustainable path to growth. To address the continuing problem of seawater intrusion that is raising soil salinity levels in coastal areas, the MAF and Dubai's International Centre for Biosaline ***Agriculture*** developed and published the Oman Salinity Strategy in 2012. Further relevant documents include the National Water Resource Management Master ***Plan*** and the Oman Food Security Strategy.

FOOD SECURITY: Oman enjoys a high degree of food security for a country with its growing population and climate challenges. According to the Economist Intelligence Unit's Global Food Security Index (GFSI) from September 2017, Oman is ranked third out of 15 countries in the MENA region and 28th out of 113 nations worldwide, in line with its reputation as one of the region's most stable markets. Out of 19 categories contributing to its overall rank, Oman received perfect scores in five (***agricultural*** infrastructure, proportion of population under global poverty line, presence of food safety net ***programmes***, nutritional standards and public expenditures on ***agricultural*** research and development) and received strong marks in seven (food safety, food loss, volatility of ***agricultural*** production, ***agricultural*** import tariffs, sufficiency of supply, diet diversification and access to financing for farmers). The only identified challenges are political stability risk, at 17% below the global average, and urban absorption capacity - a measure of food security's resilience to urbanisation pressures - at 21% below. Oman enjoys the best self-sufficiency ratios - domestic production as a share of consumption - in the key food groups: fruit (74%), vegetables (73%) and eggs (51%), followed by milk (45%), poultry (41%) and red meat (34%). Grains consumed in the sultanate are 99% imported and are likely to remain so given the amount of water required to grow them, at 500 litres per pound of product. "Importing grain makes sense given water scarcity: Oman is correctly using most of its water for fruits and vegetables, which have a higher yield value per litre used," Rhonda Janke, professor of crop science at SQU, told OBG. "Beef and dairy are water-intensive per unit of output, but largely because of the water that is required to grow the feed. They are feasible in Oman if at least some of the hay and other feeds are imported." As in many GCC countries, Oman may not be able to achieve full self-sufficiency in other water-intensive categories of the sector, such as rice production.

AGRI-BUSINESS: Boosting ***agricultural*** production and processing of poultry, dairy and beef is at the forefront of state-led efforts to improve food security. In each, OFIC is carrying out projects through subsidiaries at a total cost of OR270m ($701.1m). The first is A'Namaa Poultry, a large-scale chicken farm that aims to ***produce*** 60,000 tonnes of white meat by 2020 and, according to OFIC's action ***plan*** shared with OBG, is set to reduce the imported share of poultry consumption from 71% to 34%. The second initiative is Mazoon Dairy, a OR100m ($260m) farm and factory complex in As Sunaynah that will start production in 2018 with 4000 cows and has a projected herd size of 25,000 by 2026. Milk production is slated to reach 985m litres by 2040. In total, Mazoon Dairy and other dairy projects are meant to close the gap between consumption and production from 71% to 33% by 2020. In the beef category, red meat company Al Bashayer Meat is set to start production in 2019, ***producing*** 12,000 tonnes by the following year, cutting imports from 64% of consumption to 56% by 2020 and 41% by 2028. "Our model with all of these projects is 'least-cost production' that can deliver local halal products at a reasonable price," Saleh Mohammed Al Shanfari, CEO of OFIC, told OBG. "Oman imports a significant portion of its foodstuffs. But with the right investments and economies of scale, it can build its own industry in these areas, thereby enhancing food security, boosting economic diversification, and creating new wealth and jobs."

In fisheries, Oman has 66 factories for salting and drying seafood, four ***producing*** fish meal and fish oil, and one focusing on advanced processing. Under the current FYP, the government ***plans*** to boost production from 260,000 tonnes to 480,000 tonnes, creating 20,000 jobs and delivering returns of OR739m ($1.9bn) per year by 2020. A significant fisheries project is the Duqm Fishery Harbour, where OR100m ($260m) is being invested in fishing and fish-processing facilities. The government has identified aquaculture as well as value-added fish products as areas with potential that are in need of further development. "For value-added products, we encourage investors to target the industry, fisheries, aquaculture and advanced processing, as it can yield high economic returns," Hamed Said Al Oufi, undersecretary of fisheries wealth, told OBG. Increasing margins is a high priority for this sector, given some of the challenges inherent to the local market. "An increase in transport and transfer costs and high export duties have had a negative impact on the profit margins of Oman's food sector," Prem Maker, managing director of Areej Vegetable Oils & Derivatives told OBG. "However, opportunities remain for those that process and package food in Oman."

RESEARCH & DEVELOPMENT: A range of initiatives are being pursued to substantially raise sector productivity through the modernisation of existing crop technologies. The ministry is supporting the cultivation of improved varieties of wheat, such as the 81 ha pilot wheat project in Al Batinah which will grow the improved "Wadi Qurayyat 110, 226" wheat crop and is expected to ***produce*** 250 tonnes in the 2017/18 season. According to Salim bin Al Omrani, director-general for ***agriculture*** and livestock in the region, the project's expected productivity of 486 kg per ha is an achievement given the climate and water resource constraints. The results of the project will therefore be studied for application elsewhere. Similar projects focus on a variety of other key Omani staples such as barley, maize, fenugreek and beans.

In another promising project, in 2016 Sohar University was awarded a $500,000 grant from the UK's University of Sheffield. Led by professor Barry Winn, the vice-dean of Sohar University, researchers are using low- and high-tech methods to develop so-called grow-dome greenhouse prototypes that use a combination of mirrors and seawater to regulate temperature, and use solar energy to desalinate the same water, which is then used to irrigate growing ***produce***. The project also incorporates synthetic soil polymers that are able to retain water longer than standard Omani soil, releasing it slowly over time, achieving even further water savings. If successful and economically viable, this grow-dome could raise yields while reducing groundwater draw, creating a method for anywhere with a similar growing environment.

A third initiative is developing small-scale integrated ***agricultural*** production by allocating 50,000 plots to citizens and small to medium-sized businesses for cultivation. Each plot's 10 feddans (4.2 ha) are to be distributed into segments: five for open-field growing of climate-resilient crops such as potatoes and melons, three for the greenhouse production of less-resilient fruits and vegetables, and two for aquaculture using recycled irrigation water. Output from these plots will be linked to agro-processing and marketing through ties fostered and supported by the ministry. The second step of Tanfeedh, which consisted of deliberative workshops hosted by the ministry in 2016, saw stakeholders identify more than 90 new projects that, if carried out, have the potential to triple the sector's GDP contribution and provide 8000 jobs. Of the initiatives' OR1.7bn ($4.4bn) cost, the private sector expressed interested in providing 93% of the needed investments during the lab. Additional help for these projects may come from a commitment to increased public lending. November 2017 saw the Oman Development Bank (ODB) announce it was extending financing worth a combined OR5.7m ($14.8m) to more than 1300 entrepreneurial micro-projects. In partnership with the Oman Chamber of Commerce, the ODB financed 1306 fisheries, and 35 ***agriculture*** and livestock projects.

ADAPTATION & RESILIENCE: Among the sector's biggest challenges are limited natural resources and resilience, for which the Economist Intelligence Unit's GFSI ranks Oman 106th out of 113 index countries. Although scoring relatively high for its adaptive capacity (68th), its overall rank was affected by continuing demographic stresses (where it ranks last) and water scarcity (97th). Water is a scarce resource in Oman, with UN FAO numbers recording an annual shortage of more than 300m cu metres per year. According to the Ministry of Regional Municipalities, Environment and Water Resources, ***agriculture*** uses approximately 94% of all available water. Despite this, Oman's renewable water resources are currently around 400 cu metres per inhabitant per year, making it - in this respect - the best placed within the GCC, although according to the UN, still in the "extreme water scarcity" category, applied when the figure is below 500.

Oman is developing and testing a variety of means to address the current and future scarcity of water. In September 2017 the Middle East Desalination Research Centre and the Korea Agency for Infrastructure Technology Advancement signed a memorandum of understanding to collaborate on seawater desalination technology to reduce consumption of limited groundwater resources. Another area of focus for Oman is the testing and installation of seawater greenhouse (SWGH) technology, which uses indoor farming to replicate the hydrology cycle to separate salt from water through condensation, reducing crop freshwater requirements by 67% compared to current open-field cultivation. In 2015 Abdulrahim Al Ismaili and Hemantha Jayasuriya of SQU conducted the first feasibility study of SWGH technology, concluding further research and design is essential to developing economically viable ways to implement these technologies, underscoring the need for technical research to be done alongside cost-benefit analyses. Where desalination technology is not an option, another series of government-supported field trials and feasibility studies are under way, installing smart water meters at farms and monitoring groundwater usage through a centralised online management system in an effort to rein in aquifer depletion. Such an undertaking could have a net present value of $1332 per ha per year, with a 93% internal rate of return. A 2017 study by Slim Zekri, head of the Department of Natural Resource Economics at SQU's College of ***Agricultural*** and Marine Sciences, found smart meters can help authorities gauge and regulate water usage at low cost and with minimum intrusion. Zekri told OBG, "This has been done before at the municipal level, but we need similar detail on a national scale." These collaborations have implications not just for Oman, but any country where only saline groundwater or seawater is readily available.

OUTLOOK: Oman's ***agriculture*** and fisheries sectors continue to expand cultivated area and catch, boosting output of products in a concerted effort to sustain the population with fewer imports. Ongoing government emphasis on food security increases the likelihood that investments will continue beyond these medium-term projects in poultry, dairy and red meat. The authorities' support for the study, research and implementation of solutions to long-term challenges - such as water scarcity and refitting existing technologies - need to continue if Oman is to retain its status as one of the most stable markets in the region.

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[***Cannabis and Hemp-based CBD Production Strengthens as Revenues Continue to Climb; MarketNewsUpdates.com News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PPG-NK61-JB72-11SY-00000-00&context=1516831)

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**Body**

Now that more than 30 states have passed some level of legislative approvals for the industry, a sigh of relief was recently realized as the World Anti-Doping Agency removed CBD, an anti-inflammatory compound derived from cannabis, from its 2018 prohibited substances list. This and other factors are contributing to continued growth across the industry. According toBrightfield Group, data sales of marijuana-derived CBD are expected to hit $176 million and hemp-derived CBD will hit $291 million in 2017, for a total CBD market of $467 million. Hemp and Cannabis Companies in the news today include: Hemp, Inc. (OTC: HEMP), Marijuana Company of America Inc. (OTC: MCOA), CV Sciences Inc. (OTC: CVSI), 22nd Century Group Inc. (NYSE: XXII) and Cannabis Wheaton Income Corp. (OTC: KWFLF) (TSX-V: CBW)

Hemp, Inc. (OTC: HEMP) a global leader in the industrial hemp industry with the largest hemp mill in the western hemisphere, announced today that the Company's role in supporting hemp production and manufacturing in North Carolina was recently featured in an October 7, 2017 Huffington Post article titled "Hemp Inc. Pioneers Industrial Hemp Revolution With North America's Largest Industrial Hemp Processing Facility". This indicates the company has positioned itself on the frontlines of America's hemp revolution.

The Huffington Post article states that Hemp, Inc. "is quickly emerging as a pioneering force in what could be the next great industrial revolution." The article also cited that, "All combined, Hemp Inc. is now clearly positioned to be a major player in America's $1 billion hemp CBD product market, and it would not be surprising to start seeing buyout speculation with respect to the company's operational facilities. HEMP's NuAxon Tech CO2 Supercritical Extractor is viewed as an expensive process within the industry, and the big reward behind it is a superior end-product that is potent and safe. The company's 70,000 square-foot Spring Hope, North Carolina industrial hemp processing facility is the only one of this magnitude in North America. All of this creates a huge competitive advantage within the popular marketplace."Read this and more news for HEMPat [*http://www.marketnewsupdates.com/news/hemp.html*](http://www.marketnewsupdates.com/news/hemp.html)

Bruce Perlowin, CEO of Hemp, Inc. (OTC PINK: HEMP) said, "Actually, our multipurpose industrial hemp processing facility in Spring Hope, NC has expanded to 85,000 square feet. The resounding message of this Huffington Post article, that our Company is a 'pioneering force' in America's hemp marketplace, reflects our commitment to transparency and mission to help farmers capture the financial benefits of cultivating these valuable and sustainable crops." He continued, "As we outlined earlier this week, in a previouspress release, we have 5 core infrastructures that we built and have been using... Industrial Hemp Manufacturing and Processing; Hemp Oil Extraction; Hemp Farming; Hemp Education; and, Marketing.  These core infrastructures have created a strong platform for growth, now and into the future."

"We are happy to see the scope and scale of our operations in North Carolina recognized by prominent publications such as Huffington Post. We are always seeking opportunities to educate the public and Hemp, Inc.'s shareholders about the latest developments taking shape at Hemp, Inc.," said David Schmitt, COO of Hemp, Inc.'s wholly owned subsidiary, Industrial Hemp Manufacturing, LLC. "Our 85,000 square foot facility in Spring Hope, North Carolina, establishes us as a leader in the space and is putting North Carolina on the forefront of this new industry."

In the industrydevelopments and happenings in the marketthis week include:

Marijuana Company of America Inc.(OTC: MCOA) and Global Hemp Group (CSE:GHG)(OTC:GBHPF), announced this week that they have jointly entered into a letter of intent with Space Cowboys, Inc. for the purposes of forming a joint venture. Space Cowboys is an existing fully licensed and compliant hemp-derived cannabinoid ***producer*** in Colorado. Pursuant to the terms of the letter of intent and subject to the Companies obtaining sufficient financing, the Companies will invest US$2.5 Million in exchange for a 25% equity interest in Space Cowboys. The investment funds will be used to expand Space Cowboys' cultivation operation. Space Cowboys is in its fourth year of operation and is in full compliance with Colorado state law and the Colorado Department of ***Agriculture***. The business consists of both indoor and outdoor cultivation of highly concentrated CBD hemp on properties located in Longmont and Loveland, Colorado. Space Cowboys' current hemp crops will be harvested in the latter part of October and prepared for extraction of the high-value cannabinoids.

CV Sciences Inc.(OTCQB: CVSI) also announced this week that its industry-dominating brand of hemp-derived cannabidiol (CBD) oil finished products, PlusCBD Oil(TM), will be exhibiting at the Academy of Integrative Health & Medicine (AIHM) Annual 2017 Conference, held on October 22-25, 2017 at Paradise Point Resort & Spa in San Diego, California. This will be the Company's third time exhibiting at this forward-thinking healthcare Conference and Expo. Known as "The Integrative Health & Medicine Conference of the Year," AIHM Conference brings together over 1,100 doctors, health clinicians, researchers and students to learn from visionaries in the field of integrative health, earn continuing education credits and network with like-minded professionals. This community-centric conference features lectures, panels, small group discussions, workshops, evening events and experiential ***programs***. Over the last three years, CV Sciences' consumer products division has focused on distributing their PlusCBD Oil(TM) brand to healthcare providers nationwide.

22nd Century Group Inc.(NYSE: XXII) announced on Wednesday that the Company has closed a registered direct common stock offering with institutional investors to receive approximately $54 million in gross proceeds through the sale of 20.57 million shares of common stock at a price of $2.625 per share. The net proceeds of the financing will be used for general corporate purposes, including working capital, as the Company enters licensing and ***strategic*** partnership discussions with major tobacco companies around the world. 22nd Century is a plant biotechnology company focused on genetic engineering and modern plant breeding which allows the increase or decrease of the level of nicotine in tobacco plants and the level of cannabinoids in cannabis plants.

Cannabis Wheaton Income Corp.(OTC: KWFLF) (TSX-V: CBW.V) closed up over 10% on Wednesday on the OTC Market with over 1 million shares traded by the market close and up 10% at $0.99 on the TSX Venture trading over 2.7 Million shares by the market close. Cannabis Wheaton Income Corp. operates as a cannabis streaming company. It provides funding for cannabis facility expansions, operations, and initial construction in exchange for minority equity interests and a portion of the cultivation production.

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This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" describe future expectations, ***plans***, results, or strategies and are generally preceded by words such as "may", "future", "***plan***" or "***planned***", "will" or "should", "expected," "anticipates", "draft", "eventually" or "projected". You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements, including the risks that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, and other risks identified in a company's annual report on Form 10-K or 10-KSB and other filings made by such company with the Securities and Exchange Commission. You should consider these factors in evaluating the forward-looking statements included herein, and not place undue reliance on such statements. The forward-looking statements in this release are made as of the date hereof and MNU undertakes no obligation to update such statements.

Contact Information:

E-mail: [*info@marketnewsupdates.com*](mailto:info@marketnewsupdates.com)

+1(561)325-8757

**Load-Date:** October 12, 2017

**End of Document**



[***Dow Chemical - Q1 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RCG-31G1-F0J5-81SX-00000-00&context=1516831)

United States Petrochemicals Report

January 1, 2018 Monday

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**Length:** 1291 words

**Highlight:** Dow Chemical manufactures a portfolio of products in the chemicals, plastics and ***agricultural*** sectors. Its business units include performance plastics, performance chemicals, ***agricultural*** sciences, basic plastics, basic chemicals and hydrocarbons and energy. It has 150 manufacturing sites in 35 countries and ***produces*** about 3,300 products.

**Body**

**SWOT Analysis**

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| Strengths | A broad portfolio of 3,300 products, covering performance plastics, agro-industry, basic chemicals, basic plastics, hydrocarbons and energy. 150 manufacturing sites in 35 countries gives Dow Chemical a strong production base and global corporate reach. Dow has strong research and development (R&D) and is a leader in licensing technologies, shored up by its acquisition of Rohm and Haas in 2009. The US's third largest ethylene ***producer***, with 14% of national capacity. |
| Weaknesses | Dow has only modest capacities in polyvinyl chloride (PVC) and no polyethylene terephthalate (PET) capacity. It failed to add value to these production chains in spite of its strong monoethylene glycol (MEG) and vinyl chloride monomer (VCM) capacities. Lack of propylene capacity limits Dow's ability to exploit the growing popularity of polypropylene (PP). |
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**Dow Financial Results (USDmn)**

|  | **2016** | **2015** | **2014** | **2013** |
| --- | --- | --- | --- | --- |
| Total revenue | 48,158 | 48,778 | 58,167 | 57,080 |
| Total operating expense | 43,436 | 38,647 | 52,805 | 50,260 |
| Operating income | 4,722 | 10,131 | 5,362 | 6,820 |
| Net income | 4,318 | 7,685 | 3,772 | 4,787 |

Source: Dow

**Load-Date:** January 9, 2018

**End of Document**



[***-CF Industries Announces Early Tender Results and Upsizing of Its Tender Offer for 7.125% Senior Notes Due 2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R8K-BT11-F0K1-N1NV-00000-00&context=1516831)

ENP Newswire

December 27, 2017 Wednesday

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**Length:** 1709 words

**Body**

DEERFIELD, Ill - CF Industries Holdings, Inc. ('CF Industries') announced today the early tender results of the tender offer by its wholly owned subsidiary, CF Industries, Inc. ('CFI'), to purchase for cash CFI's 7.125% Senior Notes due 2020 (the 'Notes') and the increase by CFI in the maximum aggregate principal amount of notes subject to the tender offer (the 'Maximum Tender Amount') from $ 200,000,000 to $ 299,984,000.

The aggregate principal amount of the Notes that were validly tendered and not validly withdrawn as of 5:00 p.m., New York City time, on December 22, 2017 (the 'Early Tender Date') is $ 565,916,000, as specified in the table below. Because the aggregate principal amount of Notes validly tendered and not validly withdrawn as of the Early Tender Date exceeded the $ 299,984,000 Maximum Tender Amount, CFI has accepted for purchase $ 299,984,000 aggregate principal amount of such Notes pursuant to the proration described in the Offer to Purchase (as defined below). Such accepted Notes will be purchased by CFI on the early settlement date, which is expected to occur on or about December 26, 2017.

See release at: [*https://www.snl.com/IRW/file/4533245/Index?KeyFile=391575980*](https://www.snl.com/IRW/file/4533245/Index?KeyFile=391575980)

The tender offer is being made upon, and is subject to, the terms and conditions set forth in an offer to purchase, dated December 11, 2017, as supplemented by this press release (the 'Offer to Purchase'), and the related letter of transmittal (the 'Letter of Transmittal'). The tender offer will expire at 12:00 midnight, New York City time, at the end of January 9, 2018 (such date and time, as it may be extended, the 'Expiration Date'), unless extended. Withdrawal rights for the tender offer expired at 5:00 p.m., New York City time, on December 22, 2017. Because the aggregate principal amount of the Notes validly tendered and not validly withdrawn as of the Early Tender Date exceeded the Maximum Tender Amount, it is expected that CFI will not accept for purchase any Notes tendered in the tender offer after the Early Tender Date.

Holders of Notes that were validly tendered, and not validly withdrawn, at or prior to the Early Tender Date and that have been accepted for purchase will receive the Total Consideration (as defined below), which includes the early tender premium (the 'Early Tender Premium') set forth in the table above, for each $ 1,000 principal amount of those Notes. The 'Total Consideration' for each $ 1,000 principal amount of Notes tendered at or prior to the Early Tender Date and accepted for purchase pursuant to the tender offer was determined by reference to a fixed spread over the yield based on the bid-side price of the U.S. Treasury security specified in the Offer to Purchase. The Total Consideration was calculated by Morgan Stanley & Co. LLC at 1:00 p.m., New York City time, on December 22, 2017, and is set forth in the table above. CFI will pay accrued and unpaid interest from the last interest payment date applicable to the Notes to, but excluding, the early settlement date for Notes accepted for purchase.

Morgan Stanley & Co. LLC is acting as dealer manager for the tender offer. The information agent and tender agent for the tender offer is D.F. King & Co., Inc. Copies of the Offer to Purchase, the Letter of Transmittal and related tender offer materials are available by contacting D.F. King & Co., Inc. toll-free at (800) 330-5897 or collect at (212) 269-5550 or by emailing [*cf@dfking.com*](mailto:cf@dfking.com) Questions regarding the tender offer should be directed to Morgan Stanley & Co. LLC at (866) 718-1649.

This press release does not constitute an offer to sell or purchase, or the solicitation of an offer to sell or purchase, or the solicitation of tenders with respect to the Notes.

The tender offer for the Notes is being made only pursuant to the tender offer documents, including the Offer to Purchase that CFI is distributing to holders of the Notes. The tender offer is not being made to holders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. In any jurisdiction in which the tender offer is required to be made by a licensed broker or dealer, it shall be deemed to be made by the dealer manager or any other licensed broker or dealer on behalf of CFI.

About CF Industries Holdings, Inc.

CF Industries Holdings, Inc., headquartered in Deerfield, Illinois, through its subsidiaries is a global leader in the manufacturing and distribution of nitrogen products, serving both ***agricultural*** and industrial customers. CF Industries operates world-class nitrogen manufacturing complexes in Canada, the United Kingdom and the United States, and distributes plant nutrients through a system of terminals, warehouses, and associated transportation equipment located primarily in the Midwestern United States. The company also owns a 50 percent interest in an ammonia facility in The Republic of Trinidad and Tobago. CF Industries routinely posts investor announcements and additional information on the company's website at   [*www.cfindustries.com*](http://www.cfindustries.com) and encourages those interested in the company to check there frequently.

Safe Harbor Statement

All statements in this communication by CF Industries Holdings, Inc. (together with its subsidiaries, the 'Company'), other than those relating to historical facts, are forward-looking statements. Forward-looking statements can generally be identified by their use of terms such as 'anticipate,' 'believe,' 'could,' 'estimate,' 'expect,' 'intend,' 'may,' '***plan***,' 'predict,' 'project,' 'will' or 'would' and similar terms and phrases, including references to assumptions. Forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from such statements. These statements may include, but are not limited to, statements about the tender offer, statements about ***strategic*** ***plans*** and statements about future financial and operating results.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, the cyclical nature of the Company's business and the ***agricultural*** sector; the global commodity nature of the Company's fertilizer products, the impact of global supply and demand on the Company's selling prices, and the intense global competition from other fertilizer ***producers***; conditions in the U.S. and European ***agricultural*** industry; the volatility of natural gas prices in North America and Europe; difficulties in securing the supply and delivery of raw materials, increases in their costs or delays or interruptions in their delivery; reliance on third party providers of transportation services and equipment; the significant risks and hazards involved in ***producing*** and handling the Company's products against which the Company may not be fully insured; the Company's ability to manage its indebtedness; operating and financial restrictions imposed on the Company by the agreements governing the Company's senior secured indebtedness; risks associated with the Company's incurrence of additional indebtedness; the Company's ability to maintain compliance with covenants under the agreements governing its indebtedness; downgrades of the Company's credit ratings; risks associated with cyber security; weather conditions; risks associated with the Company's ability to utilize its tax net operating losses and other tax assets, including the risk that the use of such tax benefits is limited by an 'ownership change' (as defined under the Internal Revenue Code and related Internal Revenue Service pronouncements); risks associated with changes in tax laws and disagreements with taxing authorities; risks associated with expansions of the Company's business, including unanticipated adverse consequences and the significant resources that could be required; potential liabilities and expenditures related to environmental, health and safety laws and regulations and permitting requirements; future regulatory restrictions and requirements related to greenhouse gas emissions; the seasonality of the fertilizer business; the impact of changing market conditions on the Company's forward sales ***programs***; risks involving derivatives and the effectiveness of the Company's risk measurement and hedging activities; the Company's reliance on a limited number of key facilities; risks associated with the operation or management of the ***strategic*** venture with CHS Inc. (the 'CHS ***Strategic*** Venture'), risks and uncertainties relating to the market prices of the fertilizer products that are the subject of the supply agreement with CHS Inc. over the life of the supply agreement, and the risk that any challenges related to the CHS ***Strategic*** Venture will harm the Company's other business relationships; risks associated with the Company's Point Lisas Nitrogen Limited joint venture; acts of terrorism and regulations to combat terrorism; risks associated with international operations; and deterioration of global market and economic conditions.

More detailed information about factors that may affect the Company's performance and could cause actual results to differ materially from those in any forward-looking statements may be found in CF Industries Holdings, Inc.'s filings with the Securities and Exchange Commission, including CF Industries Holdings, Inc.'s most recent annual and quarterly reports on Form 10-K and Form 10-Q, which are available in the Investor Relations section of the Company's web site. Forward-looking statements are given only as of the date of this communication and the Company disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

CF Industries Holdings, Inc.

Media

Chris Close

Director, Corporate Communications

847-405-2542

[*cclose@cfindustries.com*](mailto:cclose@cfindustries.com)

or

Investors

Martin Jarosick

Vice President, Investor Relations

847-405-2045

[*mjarosick@cfindustries.com*](mailto:mjarosick@cfindustries.com)

Source: CF Industries Holdings, Inc.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** December 27, 2017

**End of Document**



[***Dow Chemical - Q4 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PPM-F9C1-F0J5-80JW-00000-00&context=1516831)

United States Petrochemicals Report

October 1, 2017 Sunday

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**Length:** 1291 words

**Highlight:** Dow Chemical manufactures a portfolio of products in the chemicals, plastics and ***agricultural*** sectors. Its business units include performance plastics, performance chemicals, ***agricultural*** sciences, basic plastics, basic chemicals and hydrocarbons and energy. It has 150 manufacturing sites in 35 countries and ***produces*** about 3,300 products.

**Body**

**SWOT Analysis**

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**Dow Financial Results (USDmn)**

|  | **2016** | **2015** | **2014** | **2013** |
| --- | --- | --- | --- | --- |
| Total revenue | 48,158 | 48,778 | 58,167 | 57,080 |
| Total operating expense | 43,436 | 38,647 | 52,805 | 50,260 |
| Operating income | 4,722 | 10,131 | 5,362 | 6,820 |
| Net income | 4,318 | 7,685 | 3,772 | 4,787 |

Source: Dow

**Load-Date:** October 13, 2017

**End of Document**



[***Afghan leader writes off past penalty fines against print, aural media***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PCK-B161-DYRV-33H0-00000-00&context=1516831)

BBC Monitoring South Asia - Political

Supplied by BBC Worldwide Monitoring

August 31, 2017 Thursday

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**Length:** 1317 words

**Body**

Text of report entitled President Ashraf Ghani has pardoned past fines imposed on print and aural media outlets by Office of the President of Afghanistan on 29 August

President Ashraf Ghani met at the presidential palace this morning representatives of print and aural media organisations.

Deputy Chief of Staff of the Office of the President Abdul Rauf Subhan read the President's decree on solving the problems facing the media, preventing media organisations from becoming bankrupt, supporting and strengthening print, audio, broadcasting agencies and media outlets.

The decree says: In accordance with the Article 12th of the Income Tax Law, media outlets that have so far not paid their taxes, should pay the charges in monthly instalments during a maximum time of seven years.

Based on the order, previous tax fines and tax instalments of such organisations have been written off until final settlement.

The order says the licences of these organisations will be extended as soon as they have paid their first tax instalment. Exceptionally and for one time only, failure to pay tax instalments by media outlets owned by a single individual will not stop the renewal of licence of the organisations that have failed to pay their tax instalments.

Speaking at the event, the Afghan Journalists Safety Committee (AJSC) representative Sidiqullah Tawhidi thanked the President for resolving a huge problem facing media outlets. He said that efforts had been made for years to settle account, but no results were achieved.

Tawhidi said currently 672 cases of violence against journalists are under investigation and of the cases 172 belonged to the Ministry of Interior (MoI) and the rest to the Attorney General's Office (AGO).

He noted that they had recorded 75 cases of violence against journalists since 1 January 2017.

Tawhidi said journalists' safety and immunity committee chaired by the second vice president has been set up and meets every month.

He said the President pardoned the fines that would have otherwise broken the backs of print media and radios. He said that bank guarantee is already too much to afford.

Tawhidi noted that reporters and journalists are the democratic face of Afghanistan and that journalists enjoy greater freedom of expression than many other countries of the world.

He added: We pay taxes to the government, but we don't receive benefits of retirement and insurance. While our work at government organizations is not counted as experience or job career for journalists.

Tawhidi emphasised that the media in Afghanistan will endeavour to institutionalise democracy and for the implementation of the constitution in Afghanistan.

Later publishers' union chairman Shir Ahmad Saeedi spoke and thanked the President for his attention to issues facing publishers. He said 300 publishers and book stores are active in Afghanistan. He highlighted many problems including exemption from tax penalties, exemption from taxes, failure to implement the copyright law and illegal publication of books facing the publishers.

Saeedi requested the President to introduce to private and public organisations the licence granted to the publishers by the Information and Culture Ministry as a credible licence. He also requested the government to allocate suitable areas for use as book markets.

Saeedi proposed that special budget be allocated to promote the culture of book-reading in the country so that libraries are supported through the purchase of books by the Information and Culture Ministry.

Then, Muhammad Shahrukh Taheri spoke on behalf of radios. He said the local radio licence fee and frequency renewal fee were too high. He suggested that a bank system be developed so that licence fee can be paid in instalments throughout the year. He also requested that tax on the import of technical material should be lifted.

Representative of print media Hashmat Farrokh said freedom of expression in Afghanistan is unique in the region, but the media in Afghanistan do not meet the fundamental and social needs and wishes of the people. He complained that the wages for the authors of analytical articles and the cost of publishing are high.

Representative of news agencies Fatana Hasanzada spoke about problems facing female reporters. She requested for serious support for female reporters and urged that they be given a greater share in state-run media in the capital and provinces of the country. She also requested greater ease in registering media related to women.

After listening to the demands and suggestions of media representatives President Ghani said: We and you have changed the negative discussion into a constructive debate.

Ghani said freedom of expression was more valuable than money and added: If there is a need for amendments to the Income Tax Law, I'm ready to sign those amendments. He added that the 20th century was the century of censorship in Afghanistan. He stressed freedom of expression was nobody's gift to Afghanistan and that it was achieved with efforts spanning one hundred years. Ghani explained that the constitutionalism movement laid the foundations of freedom of expressions in Afghanistan and we support freedom of expression.

He said the unity government pays serious attention to investigative journalism. He directed the Ministry of Information and Culture (MoIC) to consider giving two to four awards for good investigative journalism in order to pave the way for a fair competition.

He said the unity government had the political will to investigate cases of violence against journalists, saying full investigations would be carried out in accordance with the law. No one is above the law, he emphasised.

The President ordered government officials, especially governors, to avoid mistreating journalists, adding journalists should be respected and threatening them was ?unacceptable'.

President Ghani emphasised on the need for ***strategic*** patience. He called for a trust fund for the media and urged everyone to observe the rules, management style and balance in the trust.

He also asked the media to act ?conscientiously'.

About hiring female reporters at government institutions, the President said the Presidential Palace and all ministries should provide proper job opportunities to women.

The president directed the deputy minister of finance, who was present at the meeting, to consolidate the suggestions made by the media outlets represented and to convert them into an action ***plan***. He said a committee comprised of media representatives and the Finance Ministry should reach an agreement on this.

He instructed the government media centre officials to organise training courses for female journalists in the capital and provinces.

The President ordered that the development of rules regulating advertisements. He also urged the media to facilitate conditions for competition and cooperation.

Commenting on the problem of radio frequency, President Ghani said the Communication and information Technology Ministry and the Information and Culture Ministry should develop a frequency policy in collaboration with radio stations.

The President urged radio stations to ***produce*** more radio ***programmes*** in relation to natural disasters and to manage them as well as on ***agriculture*** in the country.

President Ghani underscored the importance of radio in information sharing and promoting the culture and history of the country and urged radio stations to focus their ***programmes*** on such matters.

The President noted that creating the culture of book-reading is a government priority and that internet facilities should also be introduced in such places [libraries]. He stressed the need to strengthen the culture of book-reading at universities and all other academic institutions and said the government is prepared to increase the budget for purchase of books.

Source: Office of the President of the Islamic Republic of Afghanistan, Kabul, in Dari 0000gmt 29 Aug 17

**Load-Date:** September 1, 2017

**End of Document**



[***Food Corporation of India: [ICRA]AAA(SO)(Stable) Rating Reaffirmed***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RRK-BTK1-F19S-P038-00000-00&context=1516831)

SeeNews Debt

February 26, 2018 Monday 2:05 PM EEST

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**Length:** 1443 words

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**Body**

Food Corporation of India

February 23, 2018

Summary of rated instruments Instrument Previous Rated Amount (Rs. crore) Current Rated Amount (Rs. crore) Rating Action

Rs. 5000 crore Government of India Guaranteed Bond ***Programme***

5000.0

5000.0

[ICRA]AAA (SO)(Stable) Re-affirmed Total 5000.0 5000.0

Rating action

ICRA has reaffirmed [ICRA]AAA(SO) (pronounced ICRA triple A Structured Obligation)1 rating assigned to Rs. 5000.0 crore2 Government of India guaranteed Bond ***programme*** (Series V) of Food Corporation of India (FCI). The rating carries a Stable outlook.

Rationale

The rating is based on the strength of an unconditional and irrevocable guarantee issued by the Ministry of Consumer Affairs, Food and Public Distribution, Government of India. The rating also takes into account the structured payment mechanism designed to ensure timely payment of both the principal and interest amount of the rated instrument, even if the guarantee has to be invoked by the Trustee.

The rating factors in the explicit GoI support extended to FCI whereby GoI reimburses all expenses incurred on account of procurement of foodgrains and limited exposure to market risks. The rating also draws comfort from the funding mechanism whereby GoI guaranteed cash credit limits are available to FCI to fund its operations.

Outlook: Stable

ICRA continues to draw comfort from the ***strategic*** importance of FCI as the country's nodal agency for food procurement activity and maintenance of buffer stocks.

Key rating drivers

Unconditional and irrevocable guarantee issued by the Ministry of Consumer Affairs, Food and Public Distribution, Government of India - The Series-V bonds, rated by ICRA, have an unconditional and irrevocable guarantee issued by the Ministry of Consumer Affairs, Food and Public Distribution, Government of India, which lends significant strength to the rating.

Structured mechanism in place to ensure timely payment of both the principal and interest amount of the rated instrument - The rating also takes into account the structured payment mechanism designed to ensure timely payment of both the principal and interest amount of the rated instrument, even if the guarantee has to be invoked by the Trustee.

1 For complete rating scale and definitions, please refer to ICRA's website [*www.icra.in*](http://www.icra.in) or other ICRA Rating Publications

2 100 lakh = 1 crore = 10 million

2

***Strategic*** importance of FCI as country's nodal agency for food procurement activity and maintenance of buffer stock - Foodgrain procurement activity in India is organized by the Department of Food (DOF), Government of India in surplus foodgrain states in order to regulate market prices of ***agricultural*** ***produce*** at the minimum support price (MSP) level. Food stocks are procured from farmers by FCI directly or through state co-operative agencies, which later deliver the same to FCI as per an offtake ***plan*** given by FCI. The procurement payments are made immediately by FCI/state agencies to the farmers by drawing from the food credit accounts. In case of FCI making purchases from state agencies, the cost of procurement along with all incidentals (which includes all handling and storage charges) are reimbursed to the state agencies at the time of taking delivery of stocks.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

Approach for rating debt instruments backed by third-party explicit support

About the company:

FCI is a 100% GOI owned corporation setup by the Central Government under the Food Corporation Act in 1964. FCI was set up to ensure:

 an effective price support system for the farmers whereby a minimum support price was to be paid for their ***produce***

 adequate availability of foodgrains - through the Public Distribution System (PDS)

 satisfactory level of operational and buffer stocks of foodgrains

The management of FCI is vested in the Board of Directors appointed by the Central Government. FCI operates through a country-wide network with its Corporate Office in New Delhi, 5 Zonal Offices in major metros, 24 Regional Offices practically in all the State capitals, 169 District Offices and over 1,841 depots (covered). It has manpower of over 22,732 employees and over 41,831 handling workers as on December 2017. FCI also has around 35.98 million tonnes storage capacity.

Key financial indicators (audited) FY2016 FY2017(Prov)

Operating Income (Rs. crore)

131,710

131,206 PAT (Rs. crore) 0.00 0.00

OPBDIT/ OI (%)

5.83%

3.46% RoCE (%) 9.26% 6.22%

Total Debt/ TNW (times) 32.04 44.51

Total Debt/ OPBDIT (times)

11.72

27.82 Interest coverage (times) 0.89 0.66

NWC/ OI (%)

67%

95%

Source: FCI Annual report; ICRA research

3

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years: Instrument Current Rating (FY2018) Chronology of Rating History for the past 3 years Type Amount Rated (Rs. crore) Amount Outstanding (Rs Crore) Date & Rating Date & Rating in FY2017 Date & Rating in FY2016 Date & Rating in FY2015 February 2018 January 2017 March 2016 February 2015

1

NCD

Long Term

5000.0

5000.0

[ICRA]AAA(SO) (Stable)

[ICRA]AAA(SO) (Stable)

[ICRA]AAA(SO) (Stable)

[ICRA]AAA(SO) (Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [*www.icra.in*](http://www.icra.in)

4

Annexure-1: Instrument Details ISIN No Instrument Name Date of Issuance / Sanction Coupon Rate Maturity Date Amount Rated (Rs. crore) Current Rating and Outlook

INE861G08019

NCD Series-VA

March 22, 2013

8.62%

March 22, 2023

300.0

[ICRA]AAA(SO) (Stable) INE861G08027 NCD Series-VB March 22, 2013 8.80% March 22, 2028 4700.0 [ICRA]AAA(SO) (Stable)

Source: Food Corporation of India

ANALYST CONTACTS

Shubham Jain

+91-124-4545306

[*shubhamj@icraindia.com*](mailto:shubhamj@icraindia.com)

Manav Mahajan

+91-124-4545817

[*manav.mahajan@icraindia.com*](mailto:manav.mahajan@icraindia.com)

RELATIONSHIP CONTACT

L. Shivakumar

+91-22-30470005

[*shivakumar@icraindia.com*](mailto:shivakumar@icraindia.com)

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

[*naznin.prodhani@icraindia.com*](mailto:naznin.prodhani@icraindia.com)

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

[*info@icraindia.com*](mailto:info@icraindia.com)

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Rating Agency Website: [*http://www.icra.in*](http://www.icra.in)/

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**Load-Date:** February 26, 2018

**End of Document**



[***Programme summary of Russian Rossiya 1 TV "Vesti Nedeli" 1700 gmt 27 May 18***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SDY-GF31-DYRV-31JG-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

Supplied by BBC Worldwide Monitoring

May 27, 2018 Sunday

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**Length:** 2550 words

**Body**

Summary of ***programme*** broadcast on Russian official state television channel Rossiya 1 on 27 May at 17:00 GMT

"Vesti Nedeli" presented by Dmitry Kiselyov.

Headlines: Film ***producer*** Weinstein has finally been "bagged"; what Yulia Skripal was "allowed" to say in her video address and why Abramovich could not watch Chelsea cup victory; formative years of Chinese President Xi; sharp rise in tension in Donbass; new Russian floating atomic power plant; holidays in Kislovodsk, favourite haunt of Soviet leaders.

1. 170226 Friday was a "moment of truth" in relations between Russia and France, or possibly all Western Europe, Kiselyov said. "Emotional breakthrough" occurred at St Petersburg Economic Forum. French President Macron was there, met Putin, and looked different after this: a "politician with more powerful potential" than before, full of new energy. The key, Kiselyov suggested, could be found in Macron's literary reference to Tolstoy's War and Peace. Kiselyov hinted that the meeting with Putin had been a revelation for Macron, quoted more from Tolstoy. Macron called for reviewing relations with Russia. Kiselyov said the report to follow would show why some credit for what happened should go to President Trump. Video report showed various world leaders and company heads at the forum, "all the world" was represented, correspondent said. There were jokes about Russian interference in US elections, Putin responded by saying he was not happy with bilateral relations, was ready for dialogue. He was quoted saying all international rules were being broken and this threatens a huge "systemic crisis". Europe likes imposing anti-Russian sanctions but now finds itself suffering from US for sticking to Iran nuclear deal, correspondent says. Putin joked that Russia can help Europe to end its dependence on USA for security, spoke about effects of US sanctions on European companies, and appeared to criticise elections because they could ***produce*** change of course, thus precluding long-term ***planning***. Putin warned against having one centre of power in his Munich speech 11 years ago, correspondent said. Top European leaders, Merkel and then Macron, followed each other to Russia in quick succession, correspondent said. French TV commented that Macron was going back to traditional French position of not fully supporting either USA or Russia. He said Macron had prepared well for his visit, quoted Russian classics, and his meeting with Putin lasted two hours longer than expected. Macron recognised Russia among global leaders, correspondent said. Macron insisted to French TV that Russia was part of Europe. It is as if he had never spoken of isolating Russia, correspondent said. Putin jokingly complained that there was not enough French investment in Russia. Several major deals were struck at the forum and the two foreign ministers agreed to meet for talks again later. The rest of the report is devoted to showing that global industry leaders flocked to St Petersburg - including BP head Dudley, described as an "Englishman" who came despite political tension between Britain and Russia. Putin said sanctions against Russia were pointless, Russia still managed to overtake other countries in weapons development. IMF head Lagarde criticised USA and US sanctions. Correspondent suddenly recalled Ukraine crisis, accused NATO of "rudely" crossing the red line there, said West had torn Ukraine apart. Putin was asked about Ukraine settlement prospects and said Kiev did not want one but there is no alternative. The report ended with Macron saying he may come to Russia again if France reaches football World Cup final.

2. 172340 Japanese Prime Minister Abe went from St Petersburg, where he "outlined his dream" about relations with Russia, to Moscow, where he was able to discuss the specifics, Kiselyov said. Video report showed Abe meeting Putin. It was probably his longest visit to Russia, correspondent said. Putin received Abe in the room reserved for special guests, he said. Abe suggested discussing peace treaty and cooperation in Kuril Islands. The report gives details of events attended by Abe in Moscow, said Japanese media showed a great deal of interest. Abe brought a Japanese dog as a present for Russian figure skater Zagitova.

3. 172909 Putin's big phone-in will be held on 7 June this year. It will be his 16th. Video report from the call centre handling calls ahead of the phone-in said most contained proposals rather than complaints. There are many easy ways to get in touch, correspondent said.

173146 Still to come. Commercial break.

4. 173749 Putin gathered his new government for the first time on Saturday to set its tasks for the next six years. Putin is shown describing the government as an engine for changes, urging "dialogue with the people". Putin's recent decree set the course but it is up to the government to work out the details, Kiselyov said. Russia's development priorities were also discussed at the St Petersburg economic forum, he said. Video report described the forum as a "bridge connecting the economies of countries and regions", said many deals were struck. Finance Minster Siluanov promised no taxes rises, said the tax system would be adjusted. Other ministers, including newly appointed ***Agriculture*** Minister Patrushev Jr., commented on ***plans*** for their areas of responsibility. Putin spoke of foreign investment. Report lists Russian regions most attractive to investors, with Tyumen Region top of the list this year. VTB chief Kostin said he did not feel isolated despite being on US sanction list, many in US business elite came to him to shake hands, he said. The report goes on to speak of the forum's cultural ***programme***, work of volunteer helpers. Putin announced the creation of a new "NGO" focused on volunteering.

5. 174924 Russia continues to upgrade its nuclear triad, Kiselyov said. The submarine Yuri Dolgoruky launched four Bulava missiles from the underwater position in the White Sea for the first time. Video showed preparations and the launch. All the missiles hit targets in Kamchatka, Kiselyov said, praising "great success" for designers and the Russian military. He gave the specs of Borey project submarines like the Yuri Dolgoruky, said they can carry up to 16 Bulava missiles and fire them all at once, also recalled the history and gave the specs of the Bulava. They can reach any point on Earth and are invulnerable to foreign missile defences, Kiselyov said. More Borey subs will be built, ***strategic*** parity with the USA is guaranteed for years, he said.

175230 Still to come. Commercial break.

6. 175844 The Malaysian Boeing shot down over Ukraine in 2014 resurfaced in the press again on Thursday, Kiselyov said, referring to "the investigation conducted by some sort of international group" without Russian involvement. Whenever something bad happens, Moscow is always blamed these days, Kiselyov said, mentioning the "fake chemical attack" in Syria, and the Skripal poisoning. He described the allegation that the missile that brought down the Boeing was fired from a Russian Buk from Kursk brigade as a "canard", reiterated Russian denials. Putin was shown commenting that Russia cannot fully trust the finding of a probe it is not allowed to take part in, blaming Ukraine's failure to close its air space, recalling other "tragic incidents" over Ukraine, saying the missile was not Russian and insisting there were "several theories" about the downing of the airliner.

7. 180204 Meanwhile Ukraine is fully participating in the "flawed investigation", Kiselyov said. Its "current regime, which came to power as a result of a bloody coup", always blames Russia, he said. He complained about Ukrainian sanctions against a number of Russian media, including his own Rossiya Segodnya news agency, described them as "archaic censorship" and said imposing them was "naive and shameful" with the current technology. President Poroshenko, "the instigator and sponsor of the coup", has failed in everything, so all he can do now only is "encourage the elimination of journalists", Kiselyov said. He rejected the idea that RIA Novosti Ukraine's Vyshinsky, who faces 15 years in jail for high treason, can be exchanged for Ukrainian film director Oleg Sentsov, sentenced to 20 years in Russia "for a terror attack in Crimea". Kiselyov quoted Vyshinsky's denial. He said Poroshenko doesn't need journalism, only war.

8. 180536 Kiselyov contrasts this with the "healthy atmosphere" in Donbass, where 40,000 people joined in a song at a Russian pop concert - "that's character for you!" Alexander Sladkov video report from Donetsk said it was setting up a "second echelon of defence" against an expected Kiev attack, reservists have been called up, and drills held. Ukrainian artillery shelled Horlivka suburb, correspondent said. He profiles US "war journalist" Patrick Lancaster, who now lives in Donbass and says people in the West do not get the truth from their media. More about Ukrainian shelling, defence preparations. A rebel official said a Ukrainian sabotage group had been destroyed, insisted that its members had been under the influence of "psychotropic substances".

9. 181158 The video address put out by Yulia Skripal was "monotonous" and lacked emotion, she was clearly reading out a text written by someone else, Kiselyov said. "As a philologist", I can vouch that the text was translated from English, he said, giving examples of supposedly unnatural Russian, and insisting that the English version was written in "perfect British English". It all leaves more questions than answers, Kiselyov said. Alexander Khabarov video report said British secret services "control every step" of Yulia Skripal, queried the source of her information about what happened to her and father. Russian ambassador Yakovenko says the embassy receives no answer from the British authorities. The scar on Yulia's neck is inconsistent with treatment from Novichok poisoning, which does not exist in any case, the report suggested. Yakovenko complained that all evidence at the scene was being destroyed, urged Britain to "meet its international obligations". Correspondent complained that no Russian journalist was given access to Yulia Skripal. The investigation into the death in Britain of Russian citizen Glushko is also conducted in secret, correspondent said, with Yakovenko again complaining that the British "blatantly" refuse to answer any questions. Meanwhile Russians arriving in Britain are being subjected to tougher questioning, correspondent said. Yakovenko described their treatment as "discriminatory", said they had specific complaints. "Hastily prepared" report entitled "Moscow's Gold" calls for new "sanctions" against Russia, and Russian owner of Chelsea football club Abramovich, who invested millions in it, was unable see it win the to FA Cup, because his visa was delayed, correspondent said. "It is a hint to rich Russians that they should not feel at home here," he said. Selection is based on whether the oligarch is sympathetic to the Russian authorities, he said, and the British press is joining in the attacks on Russian oligarchs. The British economy earns billions from foreign capital but London is willing to sacrifice profits to put pressure on Russia, correspondent said.

10. 182210 Putin is going on a state visit to China on 8 June and taking part in the SCO summit there. He has repeatedly said China is Russia's number one economic partner and investor, and that is partly thanks to President Xi, Kiselyov said. A documentary about Xi will be shown on Rossiya 1 later in the night, he said, introducing an excerpt from it. The excerpt shown was full of praise for Xi and focused on his formative years and the hardship he went through when sent to a remote region of China in his youth.

11. 183103 The Syrian army won a "long-awaited victory in Yarmouk, the last terrorist stronghold in Damascus", Kiselyov said. Putin was shown making general comments about the Syria conflict at the St Petersburg forum. Evgeny Poddubny video report showed total destruction in the area. No quarters in or around Damascus are now controlled by rebels, correspondent said. The report showed underground tunnels supposedly built by Islamic State. Syrian army had to use all their weapons to break rebel resistance, correspondent said, adding that civilians are now returning. We waited a long time, a man was shown saying.

12. 183609 Interfax quoted Russian Defence Ministry as saying four Russian servicemen were killed "last night" near Deir al Zour, Kiselyov said.

183659 Still to come.

13. 184303 President Trump announced on Thursday cancellation of his ***planned*** meeting with North Korea's Kim. The format and style of the announcement - overfamiliarity, threats and contradictions - surprised many, he said, adding that this is not the way leaders should talk to each other. Trump took offence at North Korea's reaction to Vice-President Pence's threats. Kim remained calm, and his "lovely" deputy foreign minister "mildly described Pence as a dunce" and issued a warning to the USA, Kiselyov said. Trump cancelled the summit despite North Korea's goodwill gesture in blowing up its nuclear test site, he said. Trump took the decision single-handedly, without warning South Korea or other allies. Putin showed "composure, will and even optimism" in response. Putin spoke after meeting with Macron, saying regrets Trump's decision, praising Kim, and expressing hope that the meeting will happen. "It worked", Kiselyov said: hours later, Trump suddenly said dialogue has been restored and the summit may happen on 12 June.

14. 184747 Japan's Abe more sensitive to Far East situation than Trump - for him, it is an opportunity for economic and peace-building projects, Kiselyov said. Abe is shown speaking of Northern Maritime Route, extended to the Sea of Japan.

15. 184838 Meanwhile Russia is sending world's first floating nuclear power station, the Akademik Lomonosov, to the Far East. It refuels in Murmansk, and then sails to Pevek, to be connected to the ground infrastructure there. Video report from Pevek and Murmansk.

16. 185423 "Hounded" multiple Oscar winning film ***producer*** Harvey Weinstein turned himself in to be charged with rape, accompanied by "packs of predatory journalists", Kiselyov said. He looked back at how the story started, listed Hollywood stars who said they had been harassed by Weinstein. He was turned into "a pariah and the symbol of evil", Kiselyov said. Even though there were no legal cases against Weinstein, he lost his job, was sacked from his own company, "almost forcibly" sent to "antisexual therapy treatment", which is "near enough to chemical castration", thrown out of all sorts of academies and organisations, and now arrested, Kiselyov said. Two "unknown women" accused Weinstein of rape, and this could mean a life sentence. He has now been released on bail, but his passport was taken away.

185943 Still to come.

17. 190510 Russian Orthodox Church marks one of its main holidays, Trinity Day or Pentecost. Patriarch Kirill led a service in Sergiev Posad.

18. 190620 Final exams are starting in Russian schools. Video report on career paths open to school leavers.

191521 Presenter signs off

Source: Rossiya 1 TV, Moscow, in Russian 1700 gmt 27 May 18

**Load-Date:** May 28, 2018

**End of Document**



[***The transnational policy process for REDD+ and domestic policy entrepreneurship in developing countries***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BGY-HK51-JBMY-H3R9-00000-00&context=1516831)

Environment and Planning C: Politics and Space

December 2017

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**Body**

**ABSTRACT**

This article aims to understand the complex relationship between transnational pathways of policy influence and strategies of domestic policy entrepreneurship in the pursuit of REDD+ in developing countries. Since 2007, a complex governance arrangement exerting influence through the provision of international rules, norms, markets, knowledge, and material assistance has supported the diffusion of REDD+ policies around the world. These transnational pathways of influence have played an important role in the launch of REDD+ policy-making processes at the domestic level. Indeed, over 60 developing countries in Asia, Africa, and Latin America have initiated multi-year ***programmes*** of policy reform, research, and capacity-building that aim to lay the groundwork for the implementation of REDD+. However, there is emerging evidence that the nature of policy change associated with these REDD+ policy efforts ultimately depends on the mediating influence of domestic factors. This article offers an analytical framework that focuses on whether and how domestic policy actors can seize the opportunities provided by transnational policy pathways for REDD+ to challenge or reinforce the status quo in the governance of forests and related sectors.

**FULL TEXT**

**Introduction**

For more than a decade, governments have been working towards developing and implementing policies to reduce carbon emissions from deforestation and forest degradation, conserve and sustainably manage forests, and enhance forest carbon stocks in developing countries (known by its acronym REDD+) (Angelsen, 2009; Angelsen et al., 2012). With the funding, support, and guidance offered by a range of transnational policy actors (Corbera and Schroeder, 2011), over 60 developing countries in Asia, Africa, and Latin America have initiated multi-year ***programmes*** of policy reform, research, and capacity-building that aim to lay the groundwork for the domestic implementation of REDD+ (known as jurisdictional REDD+ readiness efforts). These efforts have become increasingly intertwined with conflicting policy coalitions that have differing interests and ideas with respect to the governance of forests and related sectors such as ***agriculture*** and land-use (Loft et al., 2016; Brown et al., 2011; Evans et al., 2014). There are serious concerns as to whether REDD+ will yield transformative change in environmental governance or whether it will simply reproduce the status quo (Gregorio et al., 2015; Minang et al., 2014).

Most of the existing literature suggests that REDD+ policy processes and outcomes are largely determined by structural factors and emphasize the enduring influence of domestic policy coalitions, discourses, and networks that support unsustainable patterns of resource exploitation (Brockhaus and Gregorio, 2014; Brockhaus et al., 2016; Loft et al., 2016; Gregorio et al., 2015). Despite the transnational and multi-level dimensions of REDD+ (Brockhaus et al., 2014; Evans et al., 2014; Jagger et al., 2014), this scholarship also tends to neglect the role that transnational forces could play in influencing REDD+ policy efforts.

However, a multi-level perspective may be especially important for understanding REDD+ policy processes in developing countries in light of the key role played by international knowledge and finance in supporting the efforts of domestic reformers in environmental policy (Steinberg, 2001, 2003). Accordingly, this article brings together two bodies of scholarship, one focusing on pathways of transnational policy influence such as international norms, rules, markets, and the direct engagement of transnational actors (Bernstein and Cashore, 2012) and the other emphasizing the strategies of policy entrepreneurship that domestic actors can adopt in particular policy systems (Mintrom and Norman, 2009). In doing so, I offer a new analytical framework for understanding REDD+ policy efforts that focuses on how and to what extent domestic policy actors may harness transnational policy pathways to engage in entrepreneurial behaviour that challenges as well as supports the status quo in forest and resource governance in developing countries.

The origins of this analytical framework lie in three years of fieldwork that I carried out on the development and implementation of REDD+ activities around the world.1 Through a combination of semi-structured interviews, participation/observation, and documentary analysis, I generated several hypotheses about the relationship between the transnational policy process for REDD+ and domestic policy entrepreneurship in developing countries. I then reviewed the secondary literature on REDD+ policy and governance to identify examples that support the plausibility of my approach, thus setting the stage for in-depth qualitative research in the future.

I proceed as follows. In section “Analytical framework”, I set out an analytical framework that identifies four principal pathways of transnational policy influence as well as the related set of strategies through which domestic policy entrepreneurs may exploit this influence to influence domestic policy. In section “The Transnational Policy Process for REDD+”, I introduce the background and context of the transnational policy process for REDD+, including the origins, scope, and implications of the concept of REDD+ as well as the key transnational and domestic policy actors engaged in the adoption, development, and implementation of REDD+ policies in developing countries. In section “Transnational pathways of policy influence and domestic policy entrepreneurship in the context of REDD+”, I draw on secondary literature to discuss the role and limitations of transnational pathways of influence in the complex governance arrangement for REDD+. I then provide examples of how and to what extent domestic policy actors may seize the opportunities provided by transnational policy pathways to influence the depth and level of policy change associated with the operationalization of REDD+ in developing countries. In section “Conclusion”, I conclude by reflecting on the broader lessons that can be garnered from the study of policy entrepreneurship in the context of the transnational policy process for REDD+.

**Analytical framework**

My analytical framework recognizes the importance of studying two central sources of influence in contemporary policy-making: transnational pathways of policy influence on the one hand and strategies of domestic policy entrepreneurship on the other (Boasson and Wettestad, 2014; Steinberg, 2001). The concept of transnational pathways refers to the four principal modes through which complex arrangements in global governance can exert influence on domestic policy processes: international rules, international norms, markets, and direct access.

The international rules pathway captures the influence of hard and soft sources of international law, the prescriptions of international organizations, and the standards issued by non-governmental or hybrid governance arrangements (Bernstein and Cashore, 2012: 589–590). Domestic policy actors are expected to comply with these rules and alter their policy preferences accordingly because the benefits of doing so outweigh the costs of non-compliance, particularly in terms of reputation (Simmons, 1998). The international norms pathway refers to the role of intersubjective understandings that set standards of appropriate behaviour for those actors to whom they are addressed (Finnemore and Sikkink, 1998). The internalization of an international norm by domestic policy actors can lead to significant changes in the ways that they conceive of policy problems and the appropriate range of related policy solutions (Hall, 1993). The markets pathway focuses on the ways in which the provision of economic incentives through preferential access to foreign markets may alter the preferences of domestic policy actors (Bernstein and Cashore, 2012: 593). Finally, the direct access pathway operates “through direct funding, education, training, assistance and capacity-building, and possibly even through attempts at co-governance via partnerships between domestic and international public and private actors and authorities” (Bernstein and Cashore, 2012: 593). Indeed, the provision of material resources and knowledge may enhance the capacity of domestic policy actors to promote or implement a particular set of policies (Orenstein, 2008; Steinberg, 2001).

Each of these four pathways presupposes that transnational forces exert influence in a relatively direct manner on the ideas, interests, and capabilities of domestic policy actors (Bernstein and Cashore, 2012)*.* Yet, there are many contexts in which this “top-down” model of transnational policy influence may be held in check by the resilience of domestic policy systems (Checkel, 1997; Howlett and Ramesh, 2002; Stone, 2012**).** In particular, domestic policy actors may themselves engage in ***strategic*** behaviour that aims to preserve the status quo (Boasson and Huitema, 2017; Meijerink and Huitema, 2010: 12–13). The limitations of this “top-down” conception of transnational policy change underscore the significance of understanding the role that the ***strategic*** behaviour of domestic policy actors may play in activating and harnessing transnational processes of policy change (Keck and Sikkink, 1998; Mintrom, 1997; Pralle, 2003).

Domestic policy entrepreneurship is often associated with individual or collective actors that are committed to policy change and possess particular skills and attributes (Kingdon, 1995: 122; Mackenzie, 2004: 369). I focus here on four key *strategies* of policy entrepreneurship that domestic policy actors may adopt to influence policy-making,2 whether they are committed to transformative change or simply seeking to replicate the policy status quo (For a summary, see table 1 below).

First, policy actors may anticipate and seize windows of opportunity for policy-making (Boasson and Wettestad, 2014; Meijerink and Huitema, 2010; Mintrom and Norman, 2009) that are opened as a result of the ratification of an international treaty (Simmons, 2010), the diffusion of an international norm (Goodman and Jinks, 2013), the provision of economic incentives due to changes in access to foreign markets (Hafner-Burton, 2005) or the delivery of material assistance (Grindle and Thomas 1989). Second, policy actors may draw on transnational influences to reframe policy problems and proposals (Meijerink and Huitema 2010: 8–10; Mintrom and Luetjens, 2017; Mintrom and Norman, 2009: 652). Policy actors may do so most notably by translating international norms to construct new policy frames that identify a new policy problem or justify a new policy ***intervention*** or solution (Bernstein, 2002; Keck and Sikkink, 1998; Mintrom and Norman, 2009). Third, policy actors may establish and maintain policy coalitions comprised of a diverse array of actors from within and outside government that come together to support the adoption of a particular public policy (Meijerink and Huitema, 2010: 7–8; Mintrom and Norman, 2009: 653; Reimer and Saerbeck, 2017: 1456–1470). To do so, they may draw on international rules or norms to mobilize a new policy advocacy coalition (Checkel, 1997; Goodman and Jinks, 2013; McCann, 2006: 25–26; Simmons, 2010) or use the provision of economic incentives and material assistance to expand the “win set” associated with policy change (Putnam, 1988) and foster the emergence of ***strategic*** alliances of convenience (Cashore and Stone, 2012). They may also utilize the technical knowledge conveyed by transnational actors to demonstrate the feasibility of a proposed policy idea and attract support from other domestic policy actors (Mintrom and Norman, 2009: 653). Fourth and finally, policy actors may alter policy venues (Jones and Baumgartner, 2009; Nohrstedt, 2011) by shifting a policy issue to an international venue that offers a more favourable environment for their ideas (Keck and Sikkink, 1998; Pralle, 2003) or by drawing on international norms or markets to change domestic policy venues (Bernstein, 2002; Bernstein and Cashore, 2012). Table 1. Opportunities provided by transnational pathways of influence for strategies of domestic policy entrepreneurship.

|  | **Strategies of domestic policy entrepreneurship** |  |  |  |
| --- | --- | --- | --- | --- |
| Pathways of transnational policy influence | Seizing a window of opportunity | Reframing policy solutions or problems | Building policy coalitions | Finding or creating favourable policy venues |
| Rules | The implementation of international rules can open a window of opportunity. |  | The implementation of international rules can be employed to mobilize a new policy coalition. |  |
| Norms | The diffusion of an international norm can open a window of opportunity. | The translation of international norms can be used to reframe policy problems and solutions. | The diffusion of international norms can be employed to mobilize a new policy coalition. | The diffusion of international norms can be used to create or shift to a more favourable policy venue. |
| Markets | Changes in access to foreign markets or efforts to attract foreign investors can open a window of opportunity. |  | Changes in access to foreign markets or efforts to attract foreign investors can be used to build new ***strategic*** alliances of convenience. | Changes in access to foreign markets or efforts to attract foreign investors can be used to create or shift to a more favourable policy venue. |
| Direct Access | The delivery of material assistance can open a window of opportunity. |  | The delivery of material assistance can be used to build new ***strategic*** alliances of convenience. The provision of technical knowledge can be used to persuade policy actors to join a new policy coalition. |  |

**The transnational policy process for REDD+**

In 2007, the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) launched international negotiations on the establishment of a mechanism that would provide common policy approaches and financial incentives for REDD+ (UNFCCC COP, 2008a: para. 1(b)(ii)). In doing so, it encouraged developing countries to take voluntary measures to prepare for the domestic operationalization of this mechanism and called on developed countries, international organisations, and NGOs to provide financial, capacity-building, and technical assistance to support them in their efforts (UNFCCC COP, 2008b: paras. 1–3, 5, and 9). The emergence of REDD+ within the UNFCCC was quickly heralded as a path breaking development by a broad coalition of actors from both North and South (Mcdermott et al., 2011). The basic idea behind REDD+ is that the provision of finance from North to South can alter economic incentives away from activities that drive deforestation towards those that increase forest cover in developing countries. Seen as a relatively inexpensive, simple, and rapid way of reducing an estimated 17% of global carbon emissions world-wide, an extensive array of transnational policy actors launched a series of multilateral, bilateral, and non-governmental initiatives to support the development and implementation of REDD+ policies around the world (Mcdermott et al., 2011; Merger et al., 2011; Reinecke et al., 2014; Visseren-Hamakers and Verkooijen, 2013).

Although these initiatives differ in many respects, they each adhere to the four basic ideas that have come to define jurisdictional REDD+ policies, ***programmes***, and initiatives around the world. First, jurisdictional REDD+ should aim to increase carbon sequestration in developing country forests by funding measures that either reduce “negative changes” (such as avoiding deforestation or forest degradation) or augment “positive changes” (such as enhancing forest carbon stocks) (Wertz-Kanounnikoff and Angelsen, 2009: 16–17). Second, the provision of finance for jurisdictional REDD+ measures should be based on results achieved in reducing or avoiding carbon emissions or increasing carbon stocks. Third, changes in carbon emissions should be measured, reported, and verified (MRV) on the basis of a pre-existing reference level set at a national scale (Chagas et al., 2013; Chagas et al., 2011; Gupta et al., 2012). Fourth, the pursuit of jurisdictional REDD+ should take into account other important objectives by requiring that activities comply with a set of social and environmental safeguards or that they deliver co-benefits such as poverty reduction or biodiversity preservation (Roe et al., 2013; Visseren-Hamakers et al., 2012).

The pursuit of jurisdictional REDD+ moreover requires that developing countries develop four key elements of “REDD+ readiness”: the adoption of a national strategy or action ***plan***, the establishment of a forest emissions level, the development of a MRV system to track changes in forest-related carbon emissions, and the creation of a reporting system for social and environmental safeguards (UNFCCC COP, 2011: para. 71). The development of a national REDD+ strategy entails the pursuit of a multi-year ***programme*** of policy research and analysis, stakeholder consultations, and pilot projects that should eventually lead to new policies, institutions, and capabilities (Wertz-Kanounnikoff and Angelsen, 2009: 13–24). In order to prepare developing countries for the operationalization of REDD+, a national strategy should deal with matters such as: the modalities through which international payments for REDD+ will be managed and channelled in a country (Hall, 2012: 58–61); the arrangements for sharing benefits from these payments with stakeholders at multiple levels (Costenbader, 2011); the clarification of land and forest rights and tenure in areas that are targeted for REDD+ policies and measures (Larson et al. 2013); and the participation and engagement of multiple stakeholders (Forsyth, 2009). Most importantly, a national REDD+ strategy should identify the policies and measures that could be adopted to address the drivers of deforestation and forest degradation or enhance forest carbon stocks in a country. This might include the adoption of policy reforms aimed at strengthening the effectiveness of forest governance institutions, improving the sustainability of logging, ***agriculture***, and mining practices, enhancing land tenure security, and improving land use ***planning*** (Angelsen, 2009; Wertz-Kanounnikoff and Angelsen, 2009: 21).

Having emerged as a “win-win-win” solution for forests, climate change, and development, REDD+ policy processes have grown increasingly fractious over time however. The economic, social, and environmental importance of forests and the prevalence of competition and conflict over forest and land use has meant that the policy-making process for jurisdictional REDD+ has attracted a diversity of domestic policy actors that have different views and interests with respect to forest and resource governance (Brockhaus et al., 2014; Moeliono et al., 2014; Pham et al., 2014; Rantala and Gregorio, 2014). First, ministries, departments, and agencies within government have struggled over the allocation of funds and responsibilities related to REDD+ and its broader implications for their mandates and influence (Korhonen-Kurki et al., 2015; Rantala and Gregorio, 2014). Second, powerful businesses operating in sectors such as ***agriculture***, logging, or mining have sought to preserve the policy status quo by capitalising on their close ties with elected officials and government agencies committed to the exploitation of natural resources and the generation of economic growth (Brockhaus and Gregorio, 2014; Luttrell et al., 2014). Third, conservation and development NGOs carrying out REDD+ projects have pressed for integrating the pursuit of project-based REDD+ with the development of national frameworks for jurisdictional REDD+ (Bernard et al., 2014; Rantala and Gregorio, 2014). Finally, NGOs, Indigenous Peoples, and local communities have opposed, supported, and sought to influence REDD+ policy efforts with a view to protecting their rights and resources (Jodoin, 2017; Sikor et al., 2010). Whether and to what extent these different policy actors may succeed in influencing REDD+ policy outcomes may depend, to some extent, on their ability to engage in strategies of policy entrepreneurship.

**Transnational pathways of policy influence and domestic policy entrepreneurship in the context of REDD+**

**Transnational pathways of policy influence for jurisdictional REDD+**

I conceive of REDD+ as a complex governance arrangement that features all four of the transnational pathways of policy influence identified by Bernstein and Cashore. To begin with, and as discussed above, the UNFCCC COP has generated an array of international rules for the implementation of jurisdictional REDD+ in developing countries. Alongside the UNFCCC COP, the World Bank Forest Carbon Partnership Facility (FCPF) and the United Nations REDD ***programme*** have also played important roles in generating international rules for the pursuit of jurisdictional REDD+, particularly through the requirements, safeguards, and conditions that they set for the provision of finance for the readiness efforts of developing countries (Moss and Nussbaum, 2011). In addition, a number of non-governmental actors, such as the REDD+ SES Initiative, have established voluntary initiatives to guide the jurisdictional REDD+ readiness activities carried out by developing country governments (Mcdermott et al., 2012). These international rules have played an important role in identifying the key elements of jurisdictional REDD+ readiness such as the adoption of a national strategy and a forest emissions level and the creation of an MRV system and safeguards reporting system. However, these rules have not shaped the actual substance or level of ambition of the REDD+ policies in developing countries. They provide a general methodology for the pursuit of REDD+, but do not constrain how, whether, and to what extent developing countries should seek to reduce carbon emissions in their forest, ***agricultural***, and resource sectors. After all, REDD+ remains a voluntary commitment that is undertaken by developing countries and its implementation is subject to their national circumstances and capabilities (UNFCCC COP, 2012). This flexibility is reflected in the wide variety of ways that developing country governments and policy-makers have developed their REDD+ readiness proposals (Williams, 2013), perceived the causes of deforestation and solutions thereto (Wehkamp et al., 2015), framed their national REDD+ policies and institutions (Gregorio et al., 2015; Vijge et al., 2016), and conceived their safeguard information systems (Jagger et al., 2014).

The complex governance arrangement for REDD+ has also featured the creation of deliberative spaces in which actors have generated and diffused shared understandings concerning the appropriateness of the pursuit of REDD+ by developing countries (Boyd, 2010; den Besten et al., 2014). Over the last decade, policy actors from developing countries have participated in countless networks, meetings, and dialogues organized under the auspices of the UNFCCC, the UN-REDD ***Programme***, the World Bank FCPF, and a wide range of other multilateral, bilateral, and private initiatives for REDD+ (Corbera and Schroeder, 2011; Reinecke et al., 2014). These spaces have created important opportunities for these actors to develop and internalize international norms that conceive of REDD+ as a legitimate response that is aligned with prevailing norms concerning the scale of the climate crisis and the legitimate scope of global climate governance (Jodoin and Mason-Case, 2016: 271–272). In developing countries, the internalization of these norms has been most notably reflected in the leadership and rhetoric of government leaders that have expressed an abiding commitment to the implementation of REDD+ and invoked a moral responsibility for combating climate change and protecting the environment (Jodoin and Mason-Case, 2016: 273–274). Another important international norm that has emerged relates to the importance of recognizing and protecting the rights of Indigenous Peoples in the pursuit of REDD+ activities (Jodoin, 2017).

The markets pathway has also supported the spread and development of REDD+ policies in developing countries. Indeed, the initial promise of REDD+ was based on the notion that results-based payments for carbon sequestration would create economic incentives for developing country governments to alter their policies in ways that would avoid deforestation and forest degradation (Corbera, 2012). Current sources of funding for the reductions achieved through jurisdictional REDD+ activities include multilateral funds (such as the World Bank FCPF), bilateral funding (such as the 1 billion US dollars Letter of Intent between Norway and Indonesia), domestic public finance within developing countries (such as the investments made by Brazil in its domestic REDD+ efforts), and private investments (most notably including voluntary carbon markets) (Streck, 2013: 114–118). While it is widely acknowledged that the success of REDD+ is contingent on the delivery of significant and additional funding, the sources and levels of international finance for jurisdictional REDD+ activities remain an unresolved issue. To be sure, the funding currently on the table is not sufficient to reverse existing trends in deforestation, especially in the face of the competing market incentives provided by global supply-chains for ***agriculture***, mining, and logging (Streck, 2013). The *Paris Agreement* provides that finance for REDD+ may come from a range of public and private sources (UNFCCC COP, 2016: para. 55), leaving the door open to the integration of REDD+ into the regulatory carbon markets in industrialized countries (Hall, 2012: 34–36; Streck, 2013). In the absence of a significant scaling-up of the economic incentives for REDD+, it is unlikely that international flows of finance for REDD+ will trigger transformative policy changes at the domestic level.3

Finally, a vast array of multilateral, bilateral, and non-governmental direct access initiatives has created significant momentum for the launch of REDD+ policy-making processes throughout the developing world (Brockhaus et al., 2016). The primary focus of these efforts has been in providing funding and technical assistance to support initiatives such as policy research and analysis, consultations, scientific studies, and pilot projects. To be sure, this support has played an important role in the decision of many developing countries to launch new processes to develop and adopt policies for jurisdictional REDD+ (Angelsen, 2016; Brockhaus et al., 2016). The governments of multiple developing countries have initiated jurisdictional REDD+ readiness efforts in order to seize the opportunities that this offered to gain access to financial resources and technical assistance made available by multilateral and bilateral funds and organisations (Jodoin and Mason-Case, 2016: 273). As well, multilateral, bilateral, and non-governmental readiness initiatives have also sought to strengthen the technical capabilities of developing country governments with respect to the implementation of REDD+, especially in terms of MRV and finance (Minang et al., 2014).

Although they may have played a role in triggering the launch of jurisdictional REDD+ readiness policy-making efforts in developing countries, the influence of transnational initiatives and actors on the adoption of transformative policies for REDD+ has been much more modest (Brockhaus et al., 2016). For the most part, the assumption underlying the sharing of knowledge and the provision of material assistance by transnational policy actors has been that policy-making for REDD+ is a largely rational process entailing the design and calibration of a new policy instrument to resolve an existing problem. To be sure, the knowledge and funding provided for REDD+ readiness efforts has certainly played a role in enhancing the ability of governments to develop new policies, institutions, and capabilities for implementing REDD+ (Korhonen-Kurki et al., 2014: 173–174). However, the most significant obstacles that lie in the way of the development and adoption of effective REDD+ policies in developing countries are political, not technical (Minang and van Noordwijk, 2014). Reversing enduring patterns in the unsustainable exploitation of forests and lands requires understanding and addressing the politics, path dependencies, and power asymmetries embedded in the institutions that govern natural resources in developing countries (Karsenty and Ongolo, 2011; Minang et al., 2014).

In sum, there is no reason to believe that these transnational pathways of influence can, on their own, alter the national determinants of forest and resource policy in the developing world (Angelsen and Rudel, 2013; Babon et al., 2014; Brockhaus and Gregorio, 2014). Instead, the ability for these transnational pathways to engender transformative change in the way that forests, land, and natural resources are governed in developing countries depends on whether and to what ends domestic policy actors can effectively harness the opportunities they provide for the pursuit of different strategies of policy entrepreneurship.

**Domestic policy entrepreneurship in the context of jurisdictional REDD+**

Although transnational pathways of influence have played an important role in the launch of jurisdictional REDD+ policy-making efforts, there is emerging evidence that the extent and nature of policy change in this field ultimately depends on factors associated with the domestic policy systems of developing countries (Brockhaus et al., 2013; Minang and van Noordwijk, 2014; Minang et al., 2014). To understand the domestic policy processes associated with REDD+, I examine the ways in which the transnational policy process for REDD+ may generate opportunities for domestic policy entrepreneurship. It is important to note that because I focus on *strategies* of policy entrepreneurship rather than the *attributes* of policy entrepreneurs, I do not restrict my analysis to behaviour that supports transformative policy change as such. I recognize instead that the strategies discussed below can be used to challenge as well as reinforce the underlying policy status quo in the context of REDD+. As such, my interest in entrepreneurial behaviour lies with what it tells us about the role of agency and ***strategic*** behaviour in the development of REDD+ policies in developing countries.

First, the launch of jurisdictional REDD+ policy-making efforts in a developing country may open a window of opportunity that can be seized by domestic policy actors in pursuit of policy change. Kingdon argues that policy windows open when three streams – the state of public opinion and politics, the array of potential solutions to a problem, and the nature and visibility of a particular problem – converge in such a way that makes policy change more likely (Kingdon, 1995). In general, the launch of REDD+ readiness efforts, supported through the transnational provision of funding, capacity-building, and technical assistance, does have the potential to raise the salience of deforestation and its contribution to global climate change as issues of concern for policy-makers in developing countries. Indeed, one of the conditions associated with participating in a range of REDD+ readiness mechanisms is that developing country governments must commit to a process in which they must examine and ultimately reform their policies and institutions in ways that reduce land-based carbon emissions in forestry and other sectors (Angelsen, 2009; Corbera and Schroeder, 2011). This commitment may open a window of opportunity for policy actors to promote their policy ideas and proposals in environmental governance (Brockhaus and Gregorio, 2014; Gebara et al., 2014). In turn, the key factor that makes transformative policy change more or less likely in the context of REDD+ is whether the launch of these efforts align with broader long-term evolutions in how policy-makers, institutions, and the public approach the governance of forests, land, and natural resources (Minang et al., 2014: 702–703).

One striking example of a window of opportunity that may open in the context of jurisdictional REDD+ readiness efforts relates to the rights of Indigenous Peoples and forest-dependent communities. The UNFCCC’s rules for the pursuit of REDD+, the emergence of international norms regarding the protection of Indigenous and community rights in forest and climate governance, the standards set for the certification of carbon credits, and the safeguards associated with foreign assistance provided by multilateral and bilateral actors all reinforce the importance of protecting the rights of Indigenous Peoples and local communities in the pursuit of REDD+ readiness efforts. As a result, in a country like Indonesia jurisdictional REDD+ readiness efforts have reinforced existing trends towards the decentralization of authority over natural resources and provided an important policy window for Indigenous Peoples and local communities to advocate for the recognition of their rights and status, the resolution of forest and land tenure conflicts, and the promotion of community-based approaches to forest governance (Jodoin, 2017). That said, there are other countries, like Nepal, in which jurisdictional REDD+ readiness efforts appear to have opened a policy window to recentralize governmental control over natural resources (Bushley, 2014).

Second, policy actors could employ the launch of a jurisdictional REDD+ readiness phase to reframe policy problems and proposals relating to forestry, natural resources, and land-use at the domestic level. Just as the emergence of REDD+ has created new discursive linkages at the international level that emphasize the importance of combating deforestation as part of the global effort to combat climate change (Boyd, 2010; Buizer et al., 2014), the domain of REDD+ policy-making could be used by policy actors to reframe domestic policy debates around the governance of forests, land, and resources (Vijge et al., 2016). While forest policy regimes in many developing countries are often framed in terms of the pursuit of the overriding objective of achieving high levels of economic growth, REDD+ could be used to reframe forest policy as being linked to the evolving responsibilities of emerging economies in relating to climate mitigation (Gregorio et al., 2013); the empowerment of Indigenous Peoples and local communities through the pursuit of community forestry (Lawlor et al., 2013; Tomaselli and Hajjar, 2011); or the transition to a green economy (Anderson et al., 2016). There is a growing body of research that has shown that different policy actors have indeed used jurisdictional REDD+ readiness efforts as an opportunity to promote different discourses in forest and resource governance. These discourses ultimately structure key issues in the design of national REDD+ policies, such as its objectives, MRV mechanisms, levels of implementation, and sources of funding (Vijge et al., 2016).

Examples abound of the ways in which domestic actors have developed different policy frames in the context of REDD+ policy processes. In Zambia, Kamelarczyk and Smith-Hall have shown that a dominant policy coalition has used the REDD+ readiness phase to frame deforestation as a significant problem that is driven by population growth and growing demand for energy and food among local communities (Kamelarczyk and Smith-Hall, 2014). Similarly, in Tanzania, the jurisdictional REDD+ readiness phase has been animated by a contest between different policy frames, one that is sceptical of markets and emphasizes the necessity of adopting a centralized, government-managed fund, the other promoting a nested, bottom-up framework that would see funds flow directly to community-based initiatives (Rantala and Gregorio, 2014). Although the central finance mechanism for REDD+ adopted in Tanzania does reflect the first of these policy frames, there are other aspects in which the national REDD+ process in Tanzania, specifically in terms of its support for community-based forest management, reflects a policy frame that reinforces the rights of local communities to govern their resources (Jodoin, 2017).

Third, policy actors could draw on the opportunities provided by jurisdictional REDD+ readiness efforts to establish new policy coalitions at the domestic level. At the international level, REDD+ has been supported as a “triple-win” solution by a band-wagon of actors with diverse interests in climate mitigation, forest conservation, and sustainable development (Mcdermott et al., 2011). At the domestic level, policy actors could use the broad scope of REDD+ as an opportunity to develop a new policy advocacy coalition committed to transformative changes in how forests are governed and managed.

However, many case studies of the domestic policy processes associated with REDD+ evince the resilience of existing policy networks that differ in their conceptions of the extent to which REDD+ policies should seek to transform policies in forest and resource governance (Brockhaus and Gregorio, 2014; Bushley, 2014; Gebara et al., 2014). Domestic policy reformers committed to policy change could therefore draw on the influence of international markets and material assistance to build a new policy coalition of actors committed to different, but complementary objectives such as forest conservation on the one hand, and the economic gains that would come from avoided deforestation. Babon et al. report the initial development of one such alliance in Papua New Guinea bringing together conservation NGOs and palm oil companies that are opposed to a new process for leasing forest lands (Babon et al., 2014: 8).

Another potential policy advocacy coalition that could be formed in developing countries carrying out jurisdictional REDD+ readiness efforts might bring together government officials, donors, conservation NGOs, development NGOs, and local communities sharing a commitment to the development, adoption, and implementation of community forestry institutions and policies as a means of reducing carbon emissions from forest-based sources (Bluffstone et al., 2013; Stevens et al., 2014). The emergence of such a policy coalition is apparent in the REDD+ readiness process in Tanzania. While there is no consensus between policy actors as to the way in which funds for REDD+ should be managed and shared, there is considerable consensus on the role of community forestry in the implementation of REDD+ policies and ***programmes*** in Tanzania (Jodoin, 2017). In this context, international funding provided for technical assessments of the drivers of deforestation or the pursuit of REDD+ pilot projects could play an important role in enabling policy reformers to attract support from other domestic policy actors and form new policy coalitions. Indeed, due to the importance of aid funding in the landscape of REDD+ activities, many early REDD+ pilot projects have had a pro-poor bias and sought to support and empower forest-dependent communities undertaking or committed to sustainable forest management practices (Lawlor et al., 2013). Similarly, a review of Norway’s support for civil society organizations working on REDD+ evinces that many recipients of REDD+ funds have seen REDD+ as an opportunity to focus on community development and livelihoods or to tackle issues relating to land rights and tenure in forest governance and policy (NORAD, 2012: 22–23 and 34–36).

Fourth, policy actors could use the launch of a jurisdictional REDD+ readiness phase to alter or shift policy venues to make the pursuit of transformative changes in forest policy and governance more or less likely. There are two important ways in which jurisdictional REDD+ readiness efforts may facilitate the ***strategic*** manipulation of policy venues. To begin with, in many developing countries, the development of REDD+ policies has been entrusted to a multi-sectoral body bringing together representatives of different ministries as well as multiple stakeholders from outside government. For instance, pursuant to a bilateral agreement that Indonesia concluded with Norway in May 2010, the government of President Yudhoyono established a cross-cutting REDD+ Taskforce that brought together representatives from several ministries and that included technical working groups comprised of experts from government, academia, and civil society (Astuti and Mcgregor, 2015; Indrarto, 2012: 57–58). This shift in policy venues from the Ministry of Forestry, which has traditionally not been an agent favourable to policy change due to its regulatory capture by commercial interests in the forestry and ***agriculture*** sectors, has played a key role in the ability of Indonesia to move forward with the development and adoption of progressive REDD+ policies. On the other hand, entrusting the development of REDD+ policies to a cross-sectoral body may not be especially fruitful however if the sectoral agencies are then tasked with implementation, which is likely to result in a lack of coordination and a return to the usual dynamics supporting the status quo rather than reform (Atela et al., 2016; Korhonen-Kurki et al., 2015).

In addition, the FCPF, UN-REDD ***Programme***, bilateral agencies, and other transnational policy actors require that governments carrying out jurisdictional REDD+ policy-making efforts carry out extensive stakeholder engagement and consultations processes at the national level (Jodoin, 2017). The evidence on whether these consultations have provided meaningful opportunities for policy dialogue is equivocal across many countries in which consultations have not altered the largely top-down and hermetic processes through which REDD+ policies have been developed (Atela et al., 2016; Pham et al., 2014). Yet, there is emerging evidence that these consultations have provided an important policy venue for the promotion of the rights and concerns of Indigenous Peoples and forest-dependent communities in some developing countries (Fréchette et al., 2014: 41; Independent Evaluation Group, 2012: xix; Jodoin, 2017; NORAD, 2014: 434).

The above analysis shows that the pursuit of jurisdictional REDD+ readiness efforts offers numerous opportunities for policy actors to engage in ***strategic*** behaviour that supports or challenges the policy status quo. In pursuit of change, domestic reformers may draw on transnational pathways of policy influence in the context of REDD+ to open windows of opportunity, promote new policy frames, form new policy coalitions, and shift policy-making to more promising policy venues. At the same time, domestic actors opposed to change may also draw on these same pathways to develop and implement REDD+ policies that do not significantly alter the ways in which forests and natural resources are governed in developing countries. Although I have emphasized the pursuit of strategies of policy entrepreneurship, I recognize that whether these will ultimately be successful depends on the scope conditions that make policy change likely in a given context. Careful consideration of the ideational and material factors that characterise relevant domestic policy systems (Howlett and Ramesh, 2002) is also necessary to understand whether and to what extent policy actors may use REDD+ to pursue different strategies of policy entrepreneurship in developing countries.

**Conclusion**

This article offers an analytical framework that can help advance scholarly understanding of the respective roles of transnational pathways of policy influence and strategies of domestic policy entrepreneurship in climate governance in developing countries. I have argued that studying a transnational policy process requires a multi-level approach that considers how domestic actors may harness transnational influences to engage in strategies of policy entrepreneurship that can support or challenge the policy status quo. This approach stands in contrast to the existing literature, which tends to argue that REDD+ policy processes and outcomes are determined by structural factors such as domestic policy coalitions, discourses, and networks (Brockhaus and Gregorio, 2014; Brockhaus et al., 2016, Loft et al., 2016; Gregorio et al., 2015). While I recognize the enduring influence of these domestic policy structures, I also stress the ability of policy actors to exert a form of “embedded agency” (Fligstein, 2001) by strategically engaging with both transnational and domestic structures to influence the development of REDD+ policies.

To be sure, international rules, norms, economic incentives, knowledge, and material assistance have played a critical role in triggering the launch of policy processes for REDD+ in developing countries. While these transnational pathways of influence have had limited influence on the actual substance of REDD+ policies, they have provided openings for domestic policy actors to engage in ***strategic*** behaviour in policy processes for REDD+ and related sectors. Domestic policy actors have seized and harnessed transnational structures to open policy windows, form policy coalitions, reframe policy problems and proposals, and manipulate policy venues in the context of REDD+. It is important to recognize that these strategies have been employed by policy actors to develop REDD+ policies that foster as well as frustrate efforts aimed at significantly reducing forest and land-based carbon emissions. This analysis suggests that more qualitative research looking at the roles and behaviour of policy actors is needed to understand the complex interplay between transnational and domestic factors in the development, adoption, and implementation of REDD+ policies in developing countries.

Moreover, as some of the early experiences with the pursuit of REDD+ readiness reveal, transnational initiatives in the context of climate governance may sometimes create opportunities for policy actors to challenge the policy status quo in unexpected ways. Indeed, there is emerging evidence that Indigenous Peoples and forest-dependent communities have used the REDD+ policy domain as a vehicle to press for the recognition of their rights and authority over their forests, lands, and resources. The recognition of rights in the context of REDD+ in some countries underscores the complexity of climate governance and reminds us of the importance of ensuring that combating climate change is reconciled with other important normative concerns, such as the protection of human rights and the alleviation of poverty.

The implications of this article for transnational policy actors are clear. Rather than simply viewing climate governance as a technocratic exercise in policy development and implementation, global efforts aimed at supporting climate policy efforts in developing countries should consider how and to what extent they can support domestic policy reformers in disrupting material and ideational barriers to policy change. This requires careful thinking about the domestic actors that should be supported and the type of assistance needed for them to engage in ***strategic*** behaviour aimed at challenging the policy status quo. In other words, transnational policy actors themselves will need to be increasingly ***strategic*** in their approaches to supporting the diffusion and implementation of climate policies throughout the developing word.

**Notes**

1 For a complete overview of this fieldwork, see [*www.sjodoin.ca/data*](http://www.sjodoin.ca/data). ; 2 That said, the viability and success of these strategies will nonetheless depend, among other conditions, on whether a given domestic policy actor does indeed possess close connections with a particular policy system and holds traits such as social acuity, perseverance, expertise, and strong networking skills (Guldbrandsson and Fossum, 2009; Mintrom and Norman, 2009). ; 3 Another way of dealing with this problem would be to reduce the economic incentives for deforestation that come from the significant and growing demand for commodities that lies within developed countries and emerging economies. However, the notion of tackling the international drivers of deforestation has not been seriously considered in the context of REDD+.

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[***Transcript of Putin-Macron press conference at Petersburg forum***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SDJ-C191-DYRV-346B-00000-00&context=1516831)

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**Length:** 4488 words

**Body**

Text of report in English by Russian presidential website on 25 May

Joint news conference with President of France Emmanuel Macron May 24, 2018, St Petersburg

President of Russia Vladimir Putin: Mr President, ladies and gentlemen,

We are happy to receive Mr Emmanuel Macron on his official visit to Russia.

The President of France is combining this visit with participation in the St Petersburg International Economic Forum as a guest of honour. We have a big ***programme*** of joint events ***planned*** for tomorrow.

We will meet with representatives of Russian and French businesses, talk to members of the Trianon Dialogue Coordinating Council and speak at the forum's plenary session.

Today Mr Macron and I held bilateral talks, first in a narrow format and later on with the participation of delegation members. We had a detailed discussion of pressing issues of Russian-French relations and international problems.

Interdepartmental agreements and commercial documents that were specially prepared for Mr Macron's visit to Russia have just been signed. Incidentally, a number of other documents, mostly corporate contracts, will be also signed at the forum.

France is our traditional partner. We cherish our mutually beneficial relations and are trying to develop them actively. We maintain an intensive political dialogue with Mr Macron and often exchange views and ideas over the phone.

Our foreign offices and relevant ministries are cooperating fairly well. Our parliaments and the public are engaged in exchanges.

Naturally, we paid considerable attention to economic issues during the talks. We were pleased to note that last year our trade grew by 16.5 percent. In January-March it increased by another 25 percent. The aggregate amount of Russian investment in the French economy stands at $3 billion, while French investment in Russia is $15 billion.

Overall, speaking about our countries' economic cooperation, it is enough to mention that over 500 French companies operate in the Russian market.

French companies are actively involved in the Yamal LNG liquefied natural gas extraction project and a number of other large-scale projects. In turn, Rosatom covers 25 percent of France's uranium fuel needs.

In addition, large projects are underway in other fields - the automobile industry, machine and aircraft building, the food industry and ***agriculture***. French businesses have localised high-tech manufacturing in Russia.

It should be noted that a distinctive feature of Russian-French relations is the mutual interest and sympathy of our peoples, rooted in many centuries of history and deep interpenetration of cultures.

This year we jointly mark the birth bicentenary of Marius Petipa, the famous French and Russian - in every sense of the word - choreographer. Events of the cross year of Russian and French language and culture are being successfully held in Russian and French cities.

In this context, I would like to stress that practical implementation of the initiative proposed by the President of France regarding the Russian-French civil society forum, the Trianon Dialogue, has begun. The Trianon Dialogue coordinating council will hold its first meeting in St Petersburg. Tomorrow Mr Macron and I will try to find time to meet its participants.

As for my talks with the President of France on international issues, they covered virtually all current topics. In particular, we discussed the situation resulting from the US unilateral withdrawal from Joint Comprehensive ***Plan*** of Action on Iran's nuclear ***programme***.

In the context of the situation in Syria, we noted that it was necessary to continue facilitating an early political settlement, in particular, given the recommendations approved by the Syrian National Dialogue Congress. Russia will continue maintaining relations with the Syrian Government and the opposition as part of the process launched in Astana. This format of negotiations has proved its viability and is ***producing*** tangible results.

We are also set to establish contact with the so-called small group. Of course, we understand that in so doing we need to adhere to the principle of respect for sovereignty. Mr President and I have agreed on how we shall move towards joining our efforts. Our priority task, as we see it, is to ensure that a constitutional committee is created and starts its work in Geneva, and we hailed Damascus' decision to have their representatives sit on the committee.

We have also touched on the conflict in the southeast of Ukraine, emphasisng the importance of scrupulous compliance with the Minsk Agreements to ensure a sustainable and comprehensive resolution of the intra-Ukrainian crisis.

We have also discussed other current international issues. In particular, we spoke about our joint efforts in cyber space, keeping in mind respect for the universally accepted norms of international law, our mutual interests and, first and foremost, efforts to fight crime, including that in cyber space.

The President and I will continue our talks tomorrow. However, right now I would like to thank the President of France for the talks, which took place in a very businesslike and open atmosphere and were very useful.

Thank you for your attention.

[...]

Question (retranslated): My question is for both presidents. What could you say about Donald Trump's decision to cancel the summit with the North Korean President? The proliferation of nuclear weapons is at stake, after all. You mentioned the Iranian nuclear deal. Mr Putin and Mr Macron, do you think the nuclear ***programme*** agreement should be extended to ballistic missiles and containing Iran's influence in the Middle East? Mr Macron, have you and Mr Putin come to an understanding on this issue?

Vladimir Putin: As for the cancellation of the summit of the leaders of the US and the DPRK, we personally, Russia, regretted the news, because we had big hopes that this would be a major step towards reducing tensions on the Korean Peninsula and would mark the beginning of its full denuclearisation.

For his part, Kim Jong-un did everything he had promised, even detonated tunnels and mines at his test site, but then word came of the US decision to cancel the summit.

We hope that dialogue will still be resumed and continued and that the summit will take place. Without it, it is hardly possible to hope for tangible progress in resolving an issue that is extremely important not only on a regional but also on a global scale - the denuclearisation of the Korean Peninsula.

We will work all together to narrow the gaps between the positions of the US and North Korea. Probably, under the circumstances, it would make sense to return to earlier mechanisms that generally proved useful for making progress on this road.

As for Iran, our position, Russia's position is well known. We believe the deal, the JCPOA should be preserved. Emmanuel has just said and we know this well - I recently met with the IAEA Director General and he confirmed to me in a personal conversation that Iran is fulfilling its commitments, Iran is fulfilling all commitments it has assumed.

This raises a question: what are the grounds for destroying this deal and this agreement? I think the consequences may be quite lamentable. But we welcome the position of not only France but the entire united Europe in favour of the deal's preservation.

We realise that this will not be easy. For its part, Russia has never approved unilateral actions or sanctions. Russia has never introduced or enforced unilateral sanctions.

In accordance with existing international law and the UN Charter any restrictions on relations between sovereign states may be adopted exclusively by the UN Security Council. Everything else is illegitimate.

As for the proposals formulated by the President of France - yes, we discussed them by telephone quite recently. The President set forth his viewpoint on this issue.

I agree that it is possible to talk about Iran's missile ***programme***, the situation in the region and nuclear activities after 2025. However, I stated my position from the very start, and as far as I understand the French President agrees that these three components cannot be linked with the preservation of the JCPOA. If we do this we will be withdrawing from the agreement ourselves because it does not mention any such terms.

Today, I reaffirmed my position and, as I understood, the President of France is in agreement. But to discuss this issue with Iran, it is necessary to hold preliminary consultations and receive the consent of the Iranian partners to these discussions.

As far as I see - and the President will speak about this now - his preliminary conversation with our Iranian partners suggested that such dialogue is possible.

Emmanuel Macron: Regarding the cancelled summit of the United States of America and North Korea. I can explain it the same way as did the other participants. What is it that I would like? The process already launched to de-escalate tension on the peninsula, as well as the process to denuclearise and disarm the whole peninsula, this process must go on.

I should say that China has played a very important role throughout the past months. I would like to thank the Chinese President for his part in exerting the necessary pressure, and on the other hand, for his calls for calm in the region. I think China will keep on playing this important role. France is also ready to support this process. But I think the whole international community in a variety of multilateral formats - and the UN, of course, plays a special role here - the whole international community should act in concert. Despite certain problems, the process should go on, we cannot lose sight of the final goal, since it is necessary for peace and tranquillity in the whole region. I am confident that we can continue that necessary work.

Concerning the Iran nuclear deal and related issues. I completely agree with what President Putin said at the conclusion of his speech. I would just like to specify that I spoke not about expanding but rather complementing the existing 2015 agreement. I have never questioned the July 14, 2015 agreement, I think it is a good agreement on Iran's current nuclear actions and ***programmes***, and this is the reason why it is crucial to keep it. And to be honest, I never heard of any improved, more efficient proposals on this topic. What I suggest is complementing the existing agreement.

In fact, France has been making proposals since September 2017; we voiced them at the UN General Assembly. I suggested that the process be launched and thus the post-2025 nuclear ***programme*** be discussed, the issue of the ballistic missile ***programme*** and Iran's overall activities in the region. We will obviously have to win Iran's trust in order to start working on these three additional issues. This will only be possible if we are committed to the existing agreements. Of course, it is irresponsible when negotiations are held for 10 years, and after the treaty is reached, it is ruined in such a short time.

We both agree on the following. We remain committed to the 2015 agreement. We are ready to continue talks with Iran on additional issues. We both agree that the priority is to preserve the 2015 framework in order to continue work. I have already told Mr Rouhani about those three aspects. I hope we will proceed on the road of dialogue which will let us reach a framework agreement of a broader nature.

The ultimate goal, from my perspective, is, on the one hand, the July 2015 agreement that will be appended with these three framework ***strategic*** agreements. I think we have generally reached an understanding and consensus.

Question: I have a question for both presidents.

Mr Putin, you said that you discussed the US sanctions and withdrawal from the JCPOA today. Did you perhaps discuss a joint Russian-French ***plan*** to minimise the damage to Russian and French companies from US sanctions? And in general, how can our two countries act together in this field?

And a question for the President of France. Mr Macron, what steps do you intend to take to protect French companies from possible US sanctions due to their cooperation with Iran? And in general, how do you see the JCPOA's future after the US withdrawal?

Vladimir Putin: In regard to all manner of sanction pressure, I have already said that we have never recognised any unilateral restrictions. It is enough to take the UN Charter and read it... Anyone capable of doing so will understand that all unilateral sanctions are illegal, illegitimate, and that is that. This has always been our view and will continue to be.

Does it hurt the world economy? It does. Much has already been said about it here at the forum, and more will be said tomorrow. Actually, one of the forum's slogans is to rid the world economy of political pressure and to support the growth of the world economy by legitimate means, by backing up each other's actions.

Because this is the only way to resolve both social and political issues - by cooperating on things that we can do more effectively together than by ourselves or, alternatively, by standing in each other's way.

As to the specific mechanisms, we have not spoken about them today.

Emmanuel Macron: With regard to protecting French enterprises affected by the US sanctions on Iran, first of all, we confirmed that our enterprises continue to operate under French law, so they are primarily protected by the agreements signed by France. Then, perhaps, we will provide for some compensation mechanisms.

The European Commission also came up with a number of proposals in Sofia last week which France supports. In particular, the issue is about the 1996 regulations, which include protection of enterprises against foreign sanctions. The European Investment Bank may also play its part. So, I think a number of mechanisms will come into play. Europe is developing a dedicated mechanism to accord such protection.

Of course, I would like to see greater freedom and greater economic sovereignty, if you like, at the level of Europe. France is upholding its economic interests. Europe, I believe, should create even more operational mechanisms than the already existing ones. The work is underway. I would like to see concrete results.

I gave a partial answer about the Iranian deal when I answered the previous question. I think that the 2015 Iranian agreement is at risk as a result of the US move, but there are things that still inspire optimism. Above all, Tehran so far has abided by its decision to remain part of this agreement. For me, this is a symbol of Iran's great responsibility and reliability.

Second, as a result of its inspections and oversight, the IAEA confirmed that Iran is compliant with all its commitments. This is the second thing that inspires optimism.

Third, all other signatories to this agreement confirmed their willingness to keep it intact.

I have already mentioned possible solutions for French enterprises. I am aware that some enterprises from other countries decided to leave Iran for obvious reasons, but in any case, I think it is important for us to provide some guarantees to Iran. It is imperative to keep this general framework in place so that it remains active in the future.

Question (retranslated): This visit took place on the exact same day that the Dutch commission announced its decision on Donbass. What was your reaction to this decision, Mr President? Will there be any consequences or complications in relations with France? Is it a civil rights issue?

And a question for both Presidents. You have mentioned cyberattacks. The US recently published a new report where it accused Russia. There has been some talk of possibly imposing new sanctions. Did you discuss this? Will any sort of escalation take place?

Vladimir Putin: Pardon me, please. What decision are you talking about?

Question: About the Malaysian plane that was shot down in Donbass, Ukraine.

Vladimir Putin: You know, we have been working non-stop today, so I am not yet familiar with the details of the commission's decision. But I can tell you something right away without knowing the details. Our position is as follows: right from the start, we have been offering to investigate the details of this tragedy together. To our surprise, we were not permitted to participate in the investigation.

However, the Ukrainian side is participating, despite the fact that the country violated international regulations by not closing the airspace of the territory where fighting took place. But Ukraine is participating in the investigation, while Russia is not. That is why we do not know what the commission writes, and what it is based on.

For us to accept what has been laid out, we need to fully participate in the investigation process. In any case, we will approach it respectfully, analyse everything and formulate our position on this issue. I have not even read the text yet.

And the second question?

Question: On the meeting between Mr Macron and representatives of non-profit organisations, human rights organisations, this evening.

Vladimir Putin: There was a question about Mr Sentsov earlier.

You know what? Mr Sentsov was detained as a suspect in a terror plot, not for his journalistic activities. I really wonder why you, a French journalist, are not asking questions about the activities of journalists being restricted in Ukraine.

Just recently, a couple of days ago, a colleague of yours, a Russian journalist, was detained. He is facing charges of high treason for his public stance and his work as a journalist. For some reason you are not interested in his fate at all. You have to admit that this is strange.

Let us pay closer attention to everything that is happening in Europe - Eastern or Western - and on every continent.

We know that conscientious and brave journalists, especially those working in conflict zones, often face danger; many of them risk their lives or even get killed. We have tremendous respect for these people; we believe that their work and their lives need to be protected. And, for our part, we will be doing everything to ensure that. But let us be objective and thorough - it is the only way to solve any sort of issue, otherwise there will be no mutual trust.

Emmanuel Macron: There was a question on cyberattacks.

Vladimir Putin: I can speak about cyberattacks, about attacks in the press, and so on.

Every action ***produces*** a counteraction. Always. In order to avoid a counteraction which one may not like, the rules for actions should be agreed upon, the rules of conduct in any sphere.

Back when humankind invented nuclear weapons, the atomic bomb, everyone became aware of how dangerous it was, and agreed on rules to avoid a tragedy.

Today, it is crystal clear that cyberspace is a highly important sphere of life and activity for millions of people. Let us agree on how to work together here and on common rules, and develop mechanisms for monitoring observance of these rules.

Today, the President and I spoke about this and agreed that we will make the necessary efforts to follow this path.

Emmanuel Macron: As regards your first question, about March 17. I think of the victims and the victims' families in many countries, in particular, in Belgium, the Netherlands, and Australia. As for today's information that we are receiving, France is making every effort to take part in the joint investigation, and we are certain it is objective.

The President has spoken about the desire to cooperate on this matter. I think that as soon as it becomes clear judging by the details and facts, we will be able to consider, in full solidarity with the Netherlands, that Russia has played an objective and constructive role in establishing the facts, as the President has just said. I am glad that he has decided to take part in the investigation, as he has said. This is an important stage. But much work on the investigation is still ahead.

As regards the second question, like I said, I have spoken with the President and his team absolutely transparently about the non-profit organisations involved in civil life in Russia. We spoke about writers and prominent figures, such Ms Solzhenitsyn. Soon, we will mark [Alexander] Solzhenitsyn's birthday.

Our dialogue has shown that it is mutually complementary. Civil society is also making its contribution to this. The Trianon Dialogue is not exclusive but civil society must communicate. This is very important. We also discussed human rights at our talks. Many issues were mentioned, including Mr Sentsov whom Mr Putin has just mentioned, and Mr Serebrennikov who also prompted many people to mobilise.

I told the President that these two issues are very sensitive for this country because our intellectual elite is very concerned over them. We hope to be able to engage in dialogue on them. I think we both want to be effective and consider this very important. We would like to work out effective solutions together whenever we can do this. I do not control the judicial system in this country but we can hold a sincere, open dialogue. I think we will be able to move forward.

As for cyberattacks, we know how they are covered by the media and discussed. We take this into account. I have already spoken about this. I believe this is a real problem today. It is fuelling some of the issues on human rights that exist in our society because cyberattacks have their economic and security aspects. We are required to react to them, to intervene in order to make progress.

In any event this is a timely issue and is discussed all over the world. It requires that we self-organise. We discussed this issue but before holding public debates we share information with others to talk about specific problems. We have drafted a roadmap. We have information and Mr Putin with his team is talking about this. We will share this information. We will start work that will be confidential to a certain extent but we will share our information as much as possible to lay the foundations of security in this area because we need common rules. If we don't have common rules, we will always face certain events. So we need our economic and industrial actors to work out common rules, just as we do on many other issues.

I think the initiative we are adopting today is useful. It will certainly enhance our cooperation in other areas. We have adopted a certain decision in this respect.

Question: I have a question addressed to both leaders. You have thoroughly covered your discussion of the Syrian issue. In view of what has been said, how do you assess the chances for a political settlement in that country?

You have discussed Ukraine. As we see, the Minsk Agreements are not really followed. Nevertheless, can we expect a Normandy Format leaders' meeting shortly, and if so, when? Are there prerequisites for the meeting?

Mr Macron, the FIFA World Cup is to kick off in Russia very soon. Will you come to support your team, to cheer them on?

Vladimir Putin: Regarding Syria, it is a very complicated matter. It is a conflict that has been going on for a long time, it has deep roots, and the sources of the conflict are both inside the country and outside it. We must be optimistic, we must be committed to settling it above all by political means.

It is impossible to establish lasting peace without agreeing with all the parties to the conflict in the country. This is my deep conviction. We will be doing everything for such a dialogue - a substantive, comprehensive and trust-based dialogue - to happen.

Regarding the situation in Donbass, the process is indeed moving very slowly, and we see, I am firmly convinced, that the current authorities in Kiev are not striving for a settlement. They have a new political situation unfolding there related to parliamentary and presidential elections.

But we have no other instrument but the Minsk talks and the Normandy format. Russia is ready to support it, we are ready to meet at all levels. Each of these meetings must be well prepared and should end in a positive way. At any rate, dialogue is always better than confrontation.

Emmanuel Macron: As for Syria, I have just said that we have differences on the procedure that we elaborated with Mr Putin and on the coordination mechanism. As for the political aspect, it is necessary to prepare for the post-war period, when peace comes to Syria - this is our goal.

We mapped out certain goals and mentioned them, such as the fight against ISIS. We also tried to draft a policy, an approach that would promote stability in the region in an inclusive way. I think we share a number of common principles. We want to move toward a new constitution that will make it possible to start an inclusive political process in Syria. Russia spoke about this and I agree with this. I think this is the right approach because it will establish rules. We must move toward elections that will allow Syrians to decide their destiny in a sovereign manner. I agree with this as well. And it is necessary to do everything possible to allow Syrians to participate in these elections, including refugees in Jordan, Turkey and overseas. All this is a must. I think we agree on this as well.

Therefore, we should now come to terms with the representatives of the existing regime, including rebels (I met with them several weeks ago) and all democratic forces of the opposition. It is also essential to be in dialogue with all regional powers that are also interested in stability. Thus, dialogue with the regime and the forces of the democratic opposition, and contacts between the Astana group and the narrow group will make it possible to reach these goals. At any rate, the next few months will be decisive.

As for Ukraine, the Minsk Agreements form the foundation for resolving its problems. The Normandy format is very useful. We can use it at the level of heads of state and government when some results have been reached following the work of technical teams and ministers, results that can be discussed. This is a challenge because we must do this in the next few weeks. We will have to work in order to reach a new compromise and make progress on Donbass.

Finally, I hope to come and support our football team in your country. Maybe I will not be at the cup from the very start but if the French team makes it to the final, I will come to support them. Since I am an optimist by nature, I can say with confidence that I will probably be here to support our team in a few weeks. In this case I will be able to meet with President Putin again. I hope this will be linked with the success of the French team in football.

Thank you very much.

See also: Russian-French talks May 24, 2018 , St Petersburg May 24, 2018, St Petersburg Standard website version News Speeches and transcripts Presidential Executive Office State Council Security Council Commissions and councils Site map Official website of the President of Russia [*www.kremlin.ru*](http://www.kremlin.ru)

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[***Thailand's education sector struggles to produce positive results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-73B1-00000-00&context=1516831)

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**Body**

Selected headline numbers generated by the Thai education sector have been encouraging. The country has a high rate of literacy, an increasing number of top-rated universities, long school-life expectancy, a strong history of education and a large education budget. Globally and regionally, it compares well by these measures. The country also has ambitions to become a major educational centre, undertaking cutting edge research and attracting students from ASEAN and beyond.

At the same time, the sector suffers from a number of structural weaknesses. It is not getting the results that would be expected given the money that has been committed to it. Students are not on average scoring well, while the country as a whole is ***producing*** fewer super achievers than it would like.

The current administration is committed to addressing these issues, and views educational achievement as being critical to Thailand's success both in the region and worldwide, and also sees it as vital for the country's political stability. Better schooling is essential. While reform has been ongoing for decades, and in that time scores have markedly deteriorated, the commitment currently being made could have significant and lasting effects. The government is using its powers to change the sector in a fundamental if not permanent way. It is trying for a true, ground-up transformation.

**Significant Potential**

Thailand's education system was historically centred around Buddhist temples. However, in the 19th century European's began to establish schools in the country. Bangkok Christian College, the first foreign-sponsored school, was established in 1852. Early government schools were focused on the royalty and the military, though English instruction was introduced as Thailand began to have more contact with the West. Medical courses were made available as early as 1889. The country's first university, Chulalongkorn University, was established in 1917, and in 1921 education became compulsory. After the 1932 coup, the pace of development accelerated. The aim was to have a society that was more literate and better able to participate in the new democracy. Thammasat University was founded in 1943, and specialised universities were opened in the years following, offering courses in ***agriculture***, fine arts and other subjects. The National Education Act and the Decentralisation Act were promulgated in 1999. They were major reforms, setting standards and modernising education.

By many measures, Thailand has done well over the years. The youth literacy rate stands at 98.6% and school life expectancy for primary and secondary education was 13.6 years in 2015, up from 9.6 years in 2001, while overall literacy is about 95%, up from 50% in the 1950s. Thailand has had seven universities in the Times Asia University Rankings, and three more were added in early 2017. The three newest additions to the list are: King Mongkut's Institute of Technology Ladkrabang, Kasetsart University and King Mongkut's University of Technology North Bangkok. Thailand commits a great deal of resources to the sector, spending 18.9% of its total budget on education in 2014, according to the World Bank, compared with a world average of 14.1%.

Thailand's neighbours also spend more than the global average on education. Malaysia commits 19.5% of its budget to education, Singapore 20%, Vietnam 18.5% and Indonesia 17.6%, while Laos spends only 12.8%. Great potential is seen at the tertiary level. *TheHigher Education Times* has identified Thailand, along with Argentina, Chile, Turkey, Iran, Colombia and Serbia, as a country that has the potential to become a major centre for higher education. All the markets highlighted tend to have a high percentage of their populations enrolled in university and conduct more research than in the so-called BRIC bloc of countries comprised of Brazil, Russia, India and China.

**Not Adding Up**

However, by many objective measures, Thailand is not achieving expected outcomes in education. In the 2015 ***Programme*** for International Student Assessment (PISA), the country was ranked 55th out of the 70 participants in the survey. It was number 54 in maths, 57 in reading and 54 in sciences. Results for Thailand have fallen from 2012, the last time PISA was conducted.

PISA scores have not increased in 16 years, indicating that the country has made only marginal improvements, despite the resources being deployed. And while the averages are low, the peaks are also unimpressive. Thailand ***produces*** a small number of high performers, or students who demonstrate superior skills. Only 1.4% of those taking the PISA tests were in this category, compared with 35% in Singapore. Thailand has also dropped in other surveys directly and indirectly measuring educational achievement.

Of the 19 Asian countries listed in the Education First Language Institute's 2015 English Proficiency Index, Thailand was number 15, behind Kazakhstan, Indonesia and Vietnam. In the Switzerland-based International Institute for Management Development's World Talent Rankings, Thailand fell from number 31 in 2007 to number 37 in 2016, peaking at 24th place during that period.

**Falling Behind**

Malaysian students have improved considerably in all categories, with the country now within about 50 points of the global average. Vietnam's achievements are also regarded as significant; the country has not only sustained a high international ranking, but has also been able to do well across the economic spectrum, with students from both lowand high-income backgrounds achieving high marks. A 15-year-old student from Vietnam is 1.5 years more advanced than a Thai student of the same age. When more thorough research is conducted, it becomes apparent that some of the headline numbers mask significant weaknesses. Thailand has excellent published rates on reading ability, but the reality on the ground is seen by some observers to be different, with youth literacy rates reported as being below official statistics.

Trends in tertiary education are also of concern. While more Thai universities are making the prestigious lists, those previously rated have fallen in the rankings. This is attributed to the fact that the government has not done enough to upgrade the universities from strong local institutions to world-class institutions. The ***plan*** to make Thailand an education centre has not been followed up with sufficient investment and action.

The consequences of educational deficiencies are significant. The lack of a strong system and sound institutions will make it difficult for the country to achieve its development goals as set out in Thailand 4.0, while it will ultimately be difficult for Thailand to compete effectively in the world markets.

**Factors At Work**

A number of factors have been identified to explain Thailand's lagging performance. Problems often cited include the emphasis on rote memorisation, a shortage of maths teachers, overly strict educators and poor management structures.

More broadly, researchers say that the low scores are in part the result of a failure on the part of the schools to teach logical and critical-thinking skills. Students there lack problem-solving abilities. Others blame the quantity over quality approach. Thai students tend to spend much more time in the classroom than their counterparts in other countries - between 1000 and 1200 hours per year compared with the UNESCO-recommended 800 hours.

Thailand has a surplus of schools, many of them very small. This results in inefficient and expensive education, a problem that has only worsened over time. As the student population declines, the cost to educate on a per pupil basis increases. The number of schools with fewer than 20 children per class has risen from 15,000 in 1993 to 19,800 in 2010.

Rural Thailand faces a number of disadvantages. For example, children in rural areas tend to get less care and cognitive stimulation when they are very young. They are behind even before they start their formal education. The other major problem is that rural schools have trouble hiring quality teachers and retaining them. An estimated 20% of educators in Bangkok have graduate degrees, but only 9% of teachers have relevant credentials in Mae Hong Son, a province in northern Thailand.

Critics note that while education is considered a right and everyone is entitled to free schooling, as a practical matter the situation is complex. The lack of mechanisms to ensure quality results in the poor implementation of that right. Proper funding, despite the greats sums being spent at the national level, can be a factor as well. Research has found that students from families with incomes that allow for the hiring of private tutors tend to do better than those from poorer families -a problem that exacerbates the rural-urban divide further. University education is out of the reach of most Thais. According to the Thailand Future Foundation, two-thirds of households cannot afford the BT500,000 ($14,090) it costs to send a child to university.

**Waves Of Reform**

Government policy in the past has been inconsistent, contradictory and at times unproductive. With more than one education minister on average per year, the school systems have been subjected to frequent and dramatic changes in course, according to local media. More hours have been called for, than fewer. For a while Mandarin was being pushed, then that fell by the wayside.

With policies changing so often, it can be difficult to make ***plans***, teachers argue. At the same time, old policies often remain on the books despite conflicting with newer policies. This leads to confusion and the lack of clear direction. Government ***programmes***, celebrations and cultural activities can also eat into the teaching day, while bureaucracy can consume valuable time that could otherwise be used for instruction.

According to the Thailand Future Foundation, reforms to the Thai education system in recent years have been expensive and often times ineffective. They have cost the education sector an estimated BT1.5trn ($42.3bn) in lost opportunity. That loss is equivalent to 11% of the GDP. Poland, on the other hand, transformed its education system successfully in 11 years.

Universities in the country are still operating as if they are in the Thailand 1.0 era, the time when the country was predominantly ***agricultural***. Typically, technology is employed unevenly throughout the country, while rote learning is still too common. Even the most advanced institutions are still oriented towards publishing papers in international journals rather than winning patents.

**Teachable Moment**

The current administration has focused on the sector and is initiating policies designed to address the relevant problems and provide long-term solutions. Immediately upon gaining power in 2014, the government turned its attention towards education. Its efforts have been decisive and bold, suggesting that this time reforms may have a lasting impact.

The first budget from the current government - the 2015 budget, set the largest increases for education and defence spending. In addition, the government initiated a wide range of more creative measures. The government introduced the 12 core values of Thainess, designed to recentralise the educational bureaucracy. There were also calls for the development of a database so that education can be adjusted to meet future skills.

In April 2015 Article 44 was invoked in order to fire a number of civil servants at the Ministry of Education (MoE) and disband three existing educational boards. The boards in question were the Teachers Council of Thailand, the Welfare Promotion Commission for Teachers and Education Personnel, and the Business Organisation of the Office of the Welfare Promotion Commission for Teachers and Educational Personnel.

The work of these boards was taken over by the ministry, concentrating power and allowing for the more direct implementation of desired changes. The misuse of funds was seen as one of the targets of the shake-up, with a more transparent system set to be implemented over the course of the next few years.

In June 2015 Prime Minister Prayut Chan-o-cha ordered the government to provide 15 years of free education to all students in the country. Previously, 12 years was guaranteed by the state. In the past, 15 years of education was introduced, but the initiative failed due to lack of funding and mismanagement. The new law is designed to survive over time so that the 15-year minimum becomes permanent.

Suggestions had been made at one point to reduce the number of years of education guaranteed by the government to nine so that the authorities could fully fund the years students are in school. Under the existing government ***programmes***, parents are often charged additional fees by schools, leading to suggestions that the term "free" is misleading.

**Fewer Schools, Less Time**

The government is changing the way teachers are promoted and randomly checking teaching hours claimed, with violators facing the possibility of disciplinary action. The government is also dramatically altering the way English is being taught in the county's schools and increasing the number of hours of instruction, introducing new text books and putting some teachers through intensive and rigorous training. The school day is also being shortened so students can finish their studies earlier and return home.

In terms of overall structure, Thailand ***plans*** to upgrade the Office of Higher Education Commission to a full ministry in order to further improve tertiary education. As of June 2017 the authorities cannot directly intervene in the operations of the universities. However, if a ministry is created along with a Universities Law, governance could change significantly. The responsibilities of the MoE are seen as far too broad - from basic to higher instruction - and it is thought that it would be better to have a body that focused solely on the higher portion of the whole.

The ministry is working to merge schools in order to reduce inequality and class size, improve education and make funding more consistent, according to local press reports. It hopes to combine schools with fewer than 120 students, merging a total of 10,971 by 2020. A number of small schools will not be merged: 975 already of very high quality, 336 in mountainous areas or on islands and 3295 that do not have a magnet school within 6 km. In 2011 mergers were also attempted, but parents resisted the move.

The Constitutional Drafting Committee has recommended that an independent panel be created, which will work to pursue educational reform. Importantly, this panel would include people from outside of the educational establishment in Thailand. The sense is that those currently guiding the sector are stuck in their ways and need independent voices to help lead them towards new solutions.

A wide range of policies have been initiated and many assumptions tested, but the message all along has been that the government will take sufficient control over the sector to ensure that the reforms called for will actually be implemented and that the administrators will be effective. This is perhaps the most significant change and the one that could ultimately have the most impact. Previously, the system was decentralised to the point of becoming unmanageable; the education minister could not even fire a junior teacher.

**Effective Policy**

For the long term, the government has introduced a 20-year ***Strategic*** Education ***Plan***, in line with its 20-year National Strategy. The education ***plan*** will focus on raising Thailand's scores in international rankings in the following: reducing the disparities between schools, making the allocation of resources more equitable, increasing research and development spending at the university level, increasing vocational spending, improving test scores, improving continuing education opportunities and bringing broadband access to 90% of the country's schools. Other targets of the ***programme*** are the fixing of schools in need of repair and fighting corruption in the education system.

Teerakiat Jareonsettasin, minister of education, argues that much of the sector is still operating at Thailand 1.0 level. To help improve education, the ministry will focus first on the so-called intensive-care unit schools. These are the 3000 or so that are in the worst shape. One important task is to encourage instruction on issues related to corruption and conflicts of interest.

Teerakiat has taken a modern, hands-on approach, holding unscripted digital town hall meetings across the country and going on unannounced inspection tours. Rather than trying to completely reshape the bureaucracy, the minister has made clear he will look for practical solutions that will result in real, lasting improvements in a short period of time.

Other incremental but important changes are being pursued. The MoE is introducing an app for vocational students. It will be called Echo English V and help students learn English vocabulary deemed to be important in vocational fields. The Energy Conservation Fund will provide BT40m ($1.1m) to the Office of the Basic Education Commission for distance learning in remote areas. While distance learning is already provided to 3000 schools, about 300 cannot receive the satellite transmissions due to a lack of reliable power. The fund will help provide assistance for the set up of solar systems to power receivers.

**Solutions**

UNESCO and the OECD have offered specific policy advice. The groups have called for a transparent curriculum review process and the establishment of minimum criteria for teachers. They would also like to see more of an emphasis placed on the use of ICT in order to reduce inequality and help students gain modern skills. The OECD argues that there are no easy fixes, and that the challenges facing Thailand are not just about money, but about implementing a long-term, coherent strategy. The OECD adds that respect for the profession is as important as pay and that education is as much about the future as it is for the present.

The Institute for Promotion of Teaching Science and Technology, a Thai governmental agency, argues that better education can be realised in part by following the examples set by other countries, examining how they pay their teachers, the attention given to education by press and the public, and whether parents encourage their children to study hard. It notes that the test scores in Bangkok are about the same as those in the US, and adds that if the education system of the capital can be replicated nationwide, the situation would be much improved. "In order to grow Thailand's scientific output, we must keep the best minds in the country," Pailin Chuchottaworn, chairman of the council at the Vidyasirimedhi Institute of Science and Technology (VISTEC), told OBG. "Apart from offering good faculties and a conducive setting, we must truly incentivise students through steps such as full scholarship offerings for the brightest, giving an alternative to foreign scholarships."

**Internationalisation**

In June 2017, utilising the emergency powers granted under Article 44 of the constitution, the government said that it would allow some foreign universities to operate in Thailand. According to the government, the existing system for approving foreign tertiary education institutions is too slow, and that unless the process is reformed Thailand will not be able to improve its human resources base fast enough. The introduction of non-Thai universities is especially urgent as the country pursues new priorities under the Thailand 4.0 initiative. Vocational courses will be particularly favoured by the authorities.

The new rules only allow for the establishment of foreign university branches in special economic zones. Admitted institutions will be limited to offering courses not currently available locally, and they will have to comply with local regulations pertaining to university courses. Foreign universities are seen as helping to keep the education sector competitive, but critics note that Thai universities are already under pressure from demographics. Enrolment is falling as a result of declining birth rates. Some local observers believe that if foreign universities are allowed to enter the market, three-quarters of the local institutions could close within the next decade. In 2016 only 80,000 students applied for 150,000 tertiary education vacancies.

In early 2017 US-based Carnegie Mellon University formed an alliance with King Mongkut's Institute of Technology Ladkrabang. It is said to be the first such collaboration. The first step will be the formation of a research institute utilising management principles from the US. That will be followed by the introduction of a dual-degree ***programme***. A research component will eventually be added. The venture will involve the establishment of a physical presence on the campus of the Thai university and the awarding of degrees equivalent to those of the US partner institution.

**Outlook**

The education sector in Thailand faces a number of real challenges. It lags by some important measures and has been unable to institute sufficient reforms to turn the tide. However, the current administration seems to be making real progress. It has increased control over the educational bureaucracy and is endeavouring to implement policies that will both work and last. If it is successful in accomplishing what it has set out to do, Thailand could experience an upswing in scores. The country already commits the needed funds. It only needs to direct the resources effectively and make sure that waste and misuse are limited.

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**Body**

Brussels: Public Register European Parliament has issued the following document:

[1] EN ANNEX IV of the Commission Implementing Decision on the 2017 Annual Action ***Programme*** for the Instrument contributing to Stability and Peace conflict prevention, peace-building and crisis preparedness component (Article 4) Action Document for 'Responsible sourcing of gold and diamonds from West and Central Africa' 1. Title/basic act/ CRIS number 'Responsible sourcing of gold and diamonds from West and Central Africa', financed under Instrument contributing to Stability and Peace. CRIS number: IcSP/2017/40385 2. Zone benefiting from the action/location West and Central Africa. The action shall be carried out at the following location: West Africa (in particular Côte d'Ivoire and Burkina Faso) and Central African Republic. 3. ***Programming*** document Thematic Strategy Paper 2014-2020 and accompanying Multiannual indicative ***Programme*** 2014-2017 of the Instrument contributing to Stability and Peace. 4. Sector of concentration/ thematic area Priority (e) under Art.4.1 of IcSP Regulation: Assistance to curb use of natural resources to finance conflicts and to support compliance by stakeholders with initiatives, such as the Kimberley Process Certification Scheme, especially as regards implementation of efficient domestic controls on the production of, and trade in, natural resources.

DEV. Aid: YES 5. Amounts concerned Total estimated cost: EUR 4 000 000 Total amount of EU budget contribution EUR 4 000 000 This action may also be co-financed for an amount to be determined. 6. Aid modality(ies) and implementation Project Modality 1) Direct management – grants – direct award with 'Partnership Africa Canada' (PAC) and 'Alliance for Responsible Mining' (ARM) [2] modality(ies) 2) Indirect management with 'Agence Française de Développement' (AFD), or alternatively with the 'United States Agency for International Development' (USAID) . 7 a) DAC code(s) 15220 - Civilian peace building, conflict prevention and resolution b) Main Delivery Channel 10 000 PUBLIC SECTOR INSTITUTIONS 8. Markers (from CRIS DAC form) General policy objective Not targeted Significant objective Main objective Participation development/good governance ☐ ☐ X Aid to environment ☐ X ☐ Gender equality (including Women In Development) ☐ X ☐ Trade Development ☐ X ☐ Reproductive, Maternal, New born and child health X ☐ ☐ RIO Convention markers Not targeted Significant objective Main objective Biological diversity X ☐ ☐ Combat desertification X ☐ ☐ Climate change mitigation X ☐ ☐ Climate change adaptation X ☐ ☐ 9. Global Public Goods and Challenges (GPGC) thematic flagships N/A 10. SDGs Main Sustainable Development Goal (SDG) 16: 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels'. Secondary SDG Goal 12: 'Ensure sustainable consumption and production patterns'. SUMMARY The Action fits in the context of the 'Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas' and the Kimberley Process, that the EU supports and participates in. Its overall objective of the Action is to contribute to peace-building and stabilisation efforts in mineral-rich fragile areas through the promotion of responsible sourcing and trading of gold and diamonds. The Action will cover two regions, West and Central Africa, and will be articulated around three projects. In West Africa, the Non-Governmental Organisations (NGOs) 'Partnership Africa Canada' and 'Alliance for Responsible Mining' will implement their project respectively in Côte d'Ivoire and Burkina Faso with the objective of bringing legal, conflict-free, and traceable [3] gold from artisanal mines to the international market, thereby contributing to peace-building and stabilization efforts as well as economic development and poverty alleviation. In the Central African Republic, a project led by the 'Agence Française de Development' (or alternatively by the 'United States Agency for International Development') will focus on enhancing natural resource governance (in particular with regard the sourcing and trade of diamonds and gold) as well as contributing to social cohesion and to the stabilisation of the country, notably by reducing the factors that create hatred and resentment between communities. 1 CONTEXT 1.1 Sector context As indicated in the Joint Communication (2014) 8 final1,'international trade in minerals sourced from unstable regions of the world can play a role in intensifying and perpetuating violent conflict. Although rarely the root cause, such trade provides significant financial means to armed movements to sustain their fighting ability, with serious consequences for millions of people caught in the violence'. Since the 1990s, natural resources have often been associated with the financing of armed conflicts and the perpetration of serious abuses of human rights in conflict-affected and high-risk areas. Conflict financing through mineral extraction and trade is a major impediment to peace, development and growth in mineral ***producing*** and transit countries. In particular, extraction and trade in diamonds represented an important source of financing for rebel groups during the civil wars in Angola, Sierra Leone and Liberia in the 1990s. Similarly, in the early 2000s, the rise in the international price of gold (and other minerals) led to increased interference by illegal armed groups particularly with mining operations. The artisanal mining sector is particularly vulnerable as it remains largely informal and is prone to wide corruption and violence, with almost no traceability or tracking of gold. The sector’s lack of policy cohesion and firm government presence results in significant loss to public revenues, undermining government oversight and, if left unchecked, could have implications for national and regional stability. 1.2 Country Context 1.2.1 West Africa According to a recent report by the NGO Partnership Africa Canada2, the light footprint of government in the artisanal gold sector in West Africa has far reaching consequences, as the lack of government presence, institutional structure and policy coherence undermine the ability for these countries to ***plan***, capture and reap the sector’s full economic benefits. In Côte d'Ivoire, Mali and Burkina Faso, the artisanal gold sector employs an estimated three million artisanal miners and their production - and therefore full contribution to national 1 Joint Communication to the European Parliament and the Council on 'Responsible sourcing of minerals originating in conflict-affected and high-risk areas - Towards an integrated EU approach' Joint(2014) 8 final. 2 The West African El Dorado: Mapping the Illicit Trade of Gold in Côte d’Ivoire, Mali, and Burkina Faso (January 2017) [4] economies - remains largely unknown. Smuggling and tax leakage not only deprive state coffers, but also contribute to political instability, lawlessness and criminality, much of it transnational in nature. Gold has always proven an easy pull for those looking to make a living and smuggled minerals are often the lifeblood of long and protracted civil wars, a magnet for instability, human exploitation, corruption, and above all, lost economic opportunity. The artisanal gold sector in Côte d’Ivoire, Mali, and Burkina Faso suffers from a lack of policy cohesion and firm government presence in artisanal mining areas. The consequence of this poses a significant loss to public revenues, undermines government oversight and, if left unchecked, could have implications for national and regional stability. There is no credible production and export data for artisanal gold from any of the studied countries. As the artisanal gold trade is based on a pre-financing system, all transactions in this largely unregulated and cash-based industry are based on trust, networks and price competition. This renders a huge obstacle for governments in their efforts to formalize the sector, including licensing the various actors, creating traceability over production, and levying appropriate taxes. The supply chains in the three countries are tightly interconnected. Extremely porous borders allow for a high degree of labour mobility in the mines and exacerbate smuggling. While Côte d'Ivoire is the principle source destination for mobile labour due to the legacy of civil war and higher grade gold yields, Burkina Faso, Togo and especially Mali are the main exporting hubs of artisanal gold. With regard to Côte d'Ivoire in particular, although the gold mining sector has long been neglected, it is however now on the way to becoming a new driver of the country's economy. The government has revised the mining code, and the country’s gold reserves have been reeling in foreign investors. However, most artisanal gold miners work clandestinely and with poor working conditions: child labour, gender inequality, air, water and soil contamination as well as illicit financing and smuggling with linkages to armed groups and conflict. A Reuters investigation shows that a network of senior officers – former rebel commanders who have integrated into the Ivorian army – have seized control of artisanal gold mines that generate tens of millions of dollars a year, and that engages in illegal taxation, smuggling and racketeering.3 In Burkina Faso, the number of artisanal and small scale miners is estimated between 700 000 and more than one million. The development of mining activities has however engendered negative environmental and social impacts, notably with regard to the use of mercury, cyanuric and other acids. Burkina Faso, as well as Mali, have ratified the Minamata Convention against the use of mercury and is currently facing the difficulty of implementing it in a highly informal sector. At a sub-regional level, the 'Autorité de Liptako' has as main objective the economic development of Burkina Faso, Mali and Niger, whose borders have been theatre of conflicts linked also to the exploitation of natural resources. 3 “Special Report: Why gold threatens Ivory Coast's peace”, Reuters, May 7, 2015, [*www.reuters.com/article/us-ivorycoast-gold-army-specialreport-idUSKBN0NS0V620150508*](http://www.reuters.com/article/us-ivorycoast-gold-army-specialreport-idUSKBN0NS0V620150508) [5] 1.2.2 Central African Republic The Central African Republic (CAR) is emerging from a situation of conflict and with the support of the international community, the newly elected Government is striving to stabilise the country. Production and trade in natural resources and minerals such as rough diamonds and gold provide a livelihood and income for a large part of the country’s population and serve as an important source of national revenues4. According to NGO International Peace Information Service (IPIS): 'The mining sector represents the CAR’s third economic activity after ***agriculture*** and forestry and constitutes an important source of revenue for an estimated 600,000 persons in the country',5most of which are artisanal miners – as industrial exploitation is very limited in the CAR. Such configuration makes it difficult to supervise, organize and value the mining activity. The resulting lack of formalisation represents a huge challenge, given that approximately 30% of diamonds and 95% of gold are smuggled illegally through other countries.6 Many observers consider this proportion has increased significantly since the crisis. This obviously translates into huge losses for the government in terms of tax revenues. In addition to the development aspects, governance in the field of natural resources has also important implications with regard to the ongoing efforts to achieve peace and social cohesion. Trade in diamonds and gold has indeed become a source of income for armed groups. According to a study by the International Peace Information Service (IPIS)7 and other sources such as the UN Panel of Experts on the CAR, gold and diamonds sales were/are used to finance conflict. With regard to the trade in rough diamonds, the CAR has been traditionally a source of high quality gemstones. Approximately 84% of the production in the CAR comes from artisanal miners, located in river and riparian areas, in two main mining basins: along the Mambéré and Lobaye Rivers (South-West) and along the Kotto River (East). These miners work under archaic and difficult working conditions and live in extreme poverty. Divisive policies influenced by ethnical allegiances had an impact on the diamond miners, with divisions between the Muslim and Christian population playing a factor in driving the conflict at local level. In particular, one of the conflict factors mentioned by experts is the grievance caused by the perceived dominance of the Muslim community over diamond trade, with miners predominantly Christian. For the poor miners that are only pick takers and receive only a small fraction of the value of the diamonds, it is difficult to improve their economic situation and this has contributed to escalate the hatred between religious communities. The crisis has led to a de-structuring of the supply chain, with many Muslim collectors who had fled to border countries, especially Cameroun (contributing to smuggling increase), and persisting supply difficulties for operating buyers ('bureaux d'achat import-export'). Following the 2013 crisis, the CAR - a Participant in the Kimberley Process Certification Scheme (KPCS) - was suspended from rough diamond trade. However, CAR has been 4 According to the UN panel of experts report on CAR, the Government has lost around 24 million dollars in revenues to smuggling only in the period 2013-2014. 5 IPIS, Action Aid, Cordaid: 'Gold and diamonds in the Central African Republic' (2013):   [*http://reliefweb.int/sites/reliefweb.int/files/resources/Gold%20and%20diamonds%20in%20the%20Central%20African%20Republic.pdf*](http://reliefweb.int/sites/reliefweb.int/files/resources/Gold%20and%20diamonds%20in%20the%20Central%20African%20Republic.pdf) 6 Ibidem 7   [*http://ipisresearch.be/wp-content/uploads/2014/11/IPIS-CAR-Conflict-Mapping-November-2014.pdf*](http://ipisresearch.be/wp-content/uploads/2014/11/IPIS-CAR-Conflict-Mapping-November-2014.pdf) [6] working closely with the European Union, the United States and other partners to ensure that diamond production and trade would not fuel conflict. After an improvement of the situation in CAR thanks to the ***intervention*** of United Nations (MINUSCA), the Kimberley Process adopted an Administrative Decision and Operational Framework for the resumption of exports of rough diamonds ‘compliant zones’ in CAR. Up to now, only prefectures located in the South-West regions have been declared compliant (Bérberati, Boda, Nola, and Carnot), gathering minimal conditions required – i.e restoration of basic security, no armed groups activities, reinforced internal controls and monitoring of production and trade. Ministry of Mines is striving to progressively extend the compliant zones, with predictable difficulties regarding to the East region (due to still instable political and security context). Similarly, the CAR government has recently adopted a 2017 Action ***Plan*** for the Extractive Industries Transparency Initiative (EITI)8 (after the suspension from the EITI during the 2013 crisis) – and a national Action ***Plan*** under the Minamata Convention9. In addition, as a member of the International Conference of the Great Lakes Region (ICGLR), CAR is committed to the implementation of the 'Protocol on the Fight against the Illegal Exploitation of Natural Resources', signed in Nairobi in December 2006. In 2010, the implementation of the Protocol was enshrined in the Lusaka Heads of State Declaration, which set up the Regional Initiative against Illegal Exploitation of Natural Resources (RINR). The centrepiece of the Initiative – which is based on the recommendations of the Organisation for Economic Cooperation and Development (OECD) Due Diligence Guidance, endorsed by ICGLR Heads of State in 2010 - is the implementation of six tools, namely the creation of a Regional Certification Mechanism, the Harmonisation of National Legislations, the set-up of a Regional Database on mineral flows, the Formalisation of the Artisanal Mining Sector, the promotion of the EITI as well as the set-up of a Whistleblowing Mechanism.10 These elements as well as the improvement of the political situation in the country in 2016 offer a unique opportunity for a project aimed at enhancing natural resource governance and helping to ensure that local communities benefit from mineral production and exports. 1.3 Public Policy Assessment and EU policy Framework Against this background, this Action comes to underpin two major EU policies in this area: 1. The 'Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas' adopted on 5 March 2014 by the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy11. The integrated EU approach is based upon the OECD Due Diligence Guidance and addresses three main issues: reducing the opportunities for armed groups to trade in tin, tantalum, tungsten and gold (3TG) in conflict-affected areas; improving the ability of EU operators − especially in the downstream section of the supply chain − to comply with existing due diligence frameworks (including for example Section 1502 of the US Dodd- 8 The Extractive Industries Transparency Initiative (EITI) is a global standard to promote the open and accountable management of oil gas and mineral resources. More information is available here:   [*https://eiti.org*](https://eiti.org) 9 The Minamata Convention on Mercury is a global treaty to protect human health and the environment from the adverse effects of mercury. More information is available here:   [*http://www.mercuryconvention.org*](http://www.mercuryconvention.org)/ 10 For more information, see here:   [*https://www.icglr.org/index.php/en/rinr*](https://www.icglr.org/index.php/en/rinr). 11 JOIN (2014) 8 final [7] Frank Act); and reducing distortions in global markets for the aforesaid four minerals sourced from conflict-affected and high-risk areas as is currently the case in the Great Lakes Region in Africa. The EU approach consists of: a) a draft Regulation of the European Parliament and the Council setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas; b) a joint Communication, which outlines a package of accompanying measures that will enhance the impact of the Regulation and an integrated EU approach. 2. The participation and support of the EU to the Kimberley Process (KP). The KP is a global tri-partite initiative between governments, civil society and industry, launched in May 2000. In December 2000, the United Nations General Assembly adopted a landmark Resolution supporting the creation of an international certification scheme for the trade in rough diamonds, whose purpose is to ensure that rough diamonds do not finance violence by armed rebel groups. Over the past years, the KP has evolved into an effective mechanism for stemming the trade in conflict diamonds and is recognised as a unique conflict-prevention instrument to promote peace and security. The joint efforts of governments, industry leaders and civil society representatives have enabled the scheme to curb successfully the flow of conflict diamonds in a very short period of time. Experts estimate that conflict diamonds now represent a small percentage of the international trade in diamonds, compared with estimates of up to 15% in the 1990s. The KP currently has 54 participating members (Participants)12, representing 81 participating countries. The EU participates in and supports the KP as an active instrument for conflict prevention, promotion of peace and international security. The European Union currently holds the KP Vice-Chairmanship (for 2017) and is scheduled to have the full Chairmanship in 2018. 1.4 Stakeholder analysis The three projects under this action will target a number of stakeholders and in particular:  National and local Government authorities, with the aim of increasing their capacity to monitor and enforce Kimberley Process requirements (in the CAR) and due diligence ***programmes*** (in all of the three countries)  The private sector, which has a key role in identifying and mitigating risks of conflict financing and human rights violations associated with mineral production and trade, as well as opportunities for more responsible supply chains and financing of diamond and gold production.  Civil society and local communities, to enhance its capacity to contribute to both KP and due diligence initiatives 12 The KP has 55 participating countries: Angola, Armenia, Australia, Bangladesh, Belarus, Botswana, Brazil, Cambodia, Cameroon, Canada, Central African Republic, China, Congo (DRC), Congo (ROC), Côte d'Ivoire, Croatia, European Union, Ghana, Guinea, Guyana, India, Indonesia, Israel, Japan, Kazakhstan, Laos, Lebanon, Lesotho, Liberia, Malaysia, Mali, Mauritius, Mexico, Namibia, New Zealand, Norway, Panama, Russian Federation, Sierra Leone, Singapore, South Africa, South Korea, Sri Lanka, Swaziland, Switzerland, Tanzania, Thailand, Togo, Turkey, Ukraine, United Arab Emirates, United States of America, Venezuela, Vietnam, Zimbabwe. [8]  At a more local level, the involvement of artisanal and small-scale miners, mine site operators, traders or buying houses13 and local authorities (state and customary) is essential.  Regional actors will also be targeted in particular in two projects: o The project in the CAR will liaise with the neighbouring countries of CAR (notably Cameroon and the Democratic Republic of Congo) to explore the possibility of a regional approach to KP compliance in line with conclusion of the Ministerial meeting held in August 2016 between the CAR, Cameroon and the Democratic Republic of Congo. Similarly, the project will ensure coordination with the ICGLR Secretariat and its technical unit on natural resources with the objective of enhancing the CAR's capacity to implement the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) and its Regional Certification Scheme. o The project in Burkina Faso will provide support to the 'Autorité du Liptako-Gourma' (ALG)14, which gathers Burkina Faso, Niger and Mali with the objective of promoting stable economic development in such a conflict-affected region. The specific focus on the above mentioned stakeholders will vary depending on the objective and context of each project. In that sense, for example, capacity building for government authorities will be at the core of the project in CAR as concerns the component on Kimberley Process. On the other side, the two projects in Côte d'Ivoire and Burkina will focus more on artisanal and small scale miners. 1.5 Priority areas for support/problem analysis The main priority areas for support include:  The institutional framework of the sector and the available tools to monitor and supervise the artisanal and small-scale mining sector and associated domestic supply chain, including the carrying out of gender-disaggregated baseline assessments and the development and maintenance of appropriate information systems;  The capacities of the national and local authorities to ensure alignment of the artisanal and small-scale mining sector with the Kimberley Process and the ICGLR Regional Certification Mechanism, which enables the in-region implementation of the OECD Due Diligence Guidance on Responsible Supply Chains; Efforts should be undertaken to include relevant Gender Ministries across capacity building activities;  The technical and professional capacities of the artisanal and small-scale miners, as well as their ability to form into associations and defend their activities and miners’ rights;  The provision of guidance to the private sector so that they may better understand what is required of them for KP and ICGLR's Regional Certification Mechanism compliance, and so as to promote fair and equitable relations between actors throughout the supply chain with due consideration to redress gender inequities as well;  Foster access to finance and to better technical processing tools, as drivers and incentives to align with international markets expectations; 13 The buying houses are the offices of diamond companies opened on the urban centers of the mining sites, where the companies buy the diamonds from the artisanal miners directly. 14   [*http://liptakogourma.org/nouveau2*](http://liptakogourma.org/nouveau2)/ [9]  Enhance commercial links between international gold market actors and artisanal and small-scale ***producers***, in order to create stable and responsible supply chains. 2 RISKS AND ASSUMPTIONS Risks Risk level (H/M/L) Mitigating measures Conflict and instability that can delay the implementation of the actions M in Burkina Faso and Côte d'Ivoire H in the CAR The action will mitigate this risk by adapting objectives and operational ambitions regarding to the different local contexts between regions. The action will also address social cohesion issues among mining communities. Implementing partners’ security systems and analyses will also serve to identify risks related to conflict or instability Lack of Government capacity to implement the actions M in Burkina Faso and Côte d'Ivoire H in the CAR The action will mitigate this risk through ad hoc support to and capacity building targeting the Governments and relevant authorities. Support will be obtained from civil society and key players representing the private sector. High levels of extreme poverty in the region provide counter-incentives set to compliance with KP and Due Diligence principles and induce illegal mining, smuggling and human rights abuses along the value chain M in Burkina Faso and Côte d'Ivoire H in the CAR The action will mitigate this risk by providing incentives to the formalisation of miners and traders, via finance and technical assistance. Access to legal status is hindered by difficult access to mining claims in the target countries M in Burkina Faso and Côte d'Ivoire, H in the CAR The action will concentrate in two different types of organisations, first an already legalised group, second a group that is potentially able to acquire a legal status. In parallel, the National Mining Authorities will be involved to provide easier access to legal claims. Tax burden prevent linking international legal markets with local ***producers*** M in Burkina Faso, Côte d'Ivoire and the CAR The action will engage with national authorities to adopt fiscal reforms that enable legal trade and easier access to export markets. Illicit trade offers higher prices to ***producers*** , hindering the development of legal and M in Burkina Faso, Côte d'Ivoire and The action will encourage international buyers to engage with local ***producers*** and will propose other [10] responsible supply chains the CAR indirect incentives such as access to financial and technical services that will render legal trade more appealing. Assumptions The Governments recognise the need for reforms. Political will exists to adopt legal and regulatory changes necessary for dealing better with mineral resources and increase the revenue of the State. Property rights to mining claims are verifiable and recognised by local customary and administrative authorities. Governments of the two regions recognize added value of cooperation at regional level on KP and due diligence specifically and mining sector governance more generally. Local actors, private sector and civil society organisations are conscious of the importance of governance of the mineral sector and are willing to cooperate to achieve common goals. International market actors are willing to engage with local actors and to purchase locally ***produced*** and traded responsible minerals thus contributing to the elaboration of effective incentive structures for formalisation. 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES 3.1 Lessons learnt The EU approach to the promotion of responsible sourcing of minerals and trade of diamonds is based upon the principle of the 'integrated approach', which implies the mobilisation of a variety of tools. As indicated in the Joint Communication (2014) 8 final15, the Commission proposal for a Regulation is accompanied by a series of measures, which include the support to third countries via development cooperation to ensure responsible mineral extraction and commercialisation. The activities aimed at strengthening regulatory and policy coherence with the due diligence approach in third countries need to be accompanied by support for the creation of economic and development opportunities for artisanal and small-scale miners. A key challenge remains how to operationalise normative standards in responsible business conduct. In this respect the following lessons can be learned from past experiences in supporting the artisanal and small-scale mining sector:  Need for the adoption of a clear legal framework that commits the governments to the KP and the ICGLR and/or the OECD Due Diligence Guidance;  Need for fiscal and legal convergence amongst neighbouring countries in order to create incentives for legal trade;  Need for a commitment from the governments to the creation of an enabling policy environment that promotes responsible artisanal production and trade: e.g provision of security of tenure; appropriate fiscal regime; fair and accessible licensing; provision of better mining services; access to equipment and creation of stable employment opportunities, etc; 15 Joint Communication to the European Parliament and the Council on 'Responsible sourcing of minerals originating in conflict-affected and high-risk areas - Towards an integrated EU approach' Joint(2014) 8 final. [11]  Need for due diligence practices to be understood, carried out and reported on by the private sector; conversely, need for these practices to be monitored by governments and civil society; chain of custody systems are tools that lend themselves to the carrying out of due diligence in particular in the gold sector;  Need to map out and understand how women and other potentially vulnerable groups participate in the diamond and gold supply chains to ensure that they derive benefit from EU-sponsored ***interventions*** and are not further marginalised;  Need for formalisation (i.e improving technical capacity, safety procedures, economic management skills) of artisanal and small-scale ***producers***;  Need to ensure that upstream and downstream stakeholders’ motives are understood so as to introduce effective incentive structures;  Need to strengthen the technical capacity of miners and facilitate gold ***producers***’ access to financing opportunities; these opportunities should be extended to those working in auxiliary services (such as women selling goods and food, etc.).  Need to facilitate links between ***producers*** and downstream legal buyers and refiners with more direct connections to the international markets. With regard to the Kimberley Process, the following lessons learned can be gathered from previous experience of EU support.  Property Rights: Work on clarification and strengthening of property rights at various stages of the mining process under other ***programmes*** such as PRADD16 demonstrate that resource conflicts can be significantly reduced while also providing incentives for investment and the mitigation of adverse environmental complaints. In this respect, there are several actions that yield better KP compliance such as better traceability of diamonds from the point of extraction to the point of export, systems for the registration of miners, adaptation and reform of mining laws and regulations. The positive results achieved by the PRADD project in Cote d’Ivoire and recent experiences of US Aid in the CAR point to the important benefits achieved at local level in reducing conflict through awareness raising of civil society and local communities, also contributing to the demilitarisation of mine sites in certain cases17. The existing conflict between religious communities in the CAR has an economic component that makes reconciliation efforts necessary to guarantee the sustainability of the economic activity in the long term.  Regional approach: Experience in developing a regional approach in the Mano River Union shows that there is a need f

or a substantive consensus and commitment around the idea of launching a regional approach. After the conversations to set up a regional approach between neighbouring countries of CAR about KP compliance, there is a need to provide a mechanism to maintain this momentum. In this respect, the operational conclusions of the meeting that took place in Bangui in August 2016 point to the need to establish a coordination system, at a national and regional level, to support the Regional Approach. This initiative enjoys the support of key working groups within the KP. 16 'Property Rights and Artisanal Diamond Development' – see section 3.2 for further information. 17 'Mineral supply chain and conflict links in Eastern Democratic Republic of Congo', OECD / IPIS (2015). Available here: [*http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf*](http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf) [12] Language barriers in Central Africa are smaller than within the Mano River Union as all countries are francophone (Cameroon, CAR, DRC) which will facilitate communication between the partners. Similarly, as concern gold, the whole concept of the ICGLR's Regional Initiative against Illegal Exploitation of Natural Resources is based upon the principle of regional cooperation, with the establishment of a Regional Certification Mechanism as well as the Harmonization of National Legislations and the set-up of a Regional Database on mineral flows. The regional approach in the Mano River Union could stand to learn from the ICGLR, which has been in existence since the early 2000s. For example, based on the ICGLR experience, the Regional Secretariat needs to have political credibility but be primarily technically-oriented to provide Member States with value added and credible direction. The Regional Secretariat must also be outward facing, engaging with and lobbying international market actors to encourage responsible artisanal and small-scale mining trade. 3.2 Complementarity, synergy and donor coordination This action is complementary to several initiatives, including:  The EU's strategy to support developing countries' efforts to eradicate poverty as outlined in the 2011 Agenda for Change Communication18 as well as the Commission's Proposal for a new European Consensus on Development Our World, our Dignity, our Future.19  The EU strategy on access to raw materials, as outlined in the Raw Materials Initiative and the European Innovation Partnership on Raw Materials20.  The EU Corporate Social Responsibility (CSR) Strategy21, which promotes responsible business conduct, in particular with respect to compliance with internationally agreed CSR principles and guidelines such as the OECD Guidelines for Multinational Enterprises and the 2011 UN Guiding Principles on Business and Human Rights.  The support to the African Mining Vision endorsed by the African Union in 2009 to ensure a transparent, equitable and optimal exploitation of mineral resources as well as its implementing body, the African Minerals Development Centre and to the implementation in the region of global responsible sourcing initiatives on conflict diamonds, transparency and forestry products (KPCS, EITI, CITES).  As concerns the Great Lakes Region, the Joint Communication on a '***Strategic*** framework for the Great Lakes Region'22 outlining a coherent and comprehensive EU approach at regional, national and local level to the different roots of the crisis and the support to the ICGLR's Regional Initiative on Natural Resources through funds from the Instrument for Stability.  The 2030 Agenda for Sustainable Development: mining activities modify landscapes and can have long-term impacts on communities and natural resources due to their physical degrading nature, as well as their use of chemicals and other harmful substances. 18 COM(2011) 637 final. 19 COM(2016) 740 final. 20 COM(2008) 699 final. 21   [*http://ec.europa.eu/growth/industry/corporate-social-responsibility\_en*](http://ec.europa.eu/growth/industry/corporate-social-responsibility_en). 22 JOIN(2013) 23 final. [13] Moreover, mining is often associated with deforestation, soil erosion, land degradation, air pollution, ecosystem disruption and water contamination. This action will thus be carried out mindful of the objectives in the 2030 Agenda for Sustainable Development, in particular concerning social inclusion of artisanal miners and the need to achieve a sustainable management of natural resources decoupling economic growth from environmental degradation.  In line with the EU approach to favour a circular economy approach to sustainability23, the action will contribute to help relevant stakeholders, including governments, businesses, NGOs and consumers, to make a transition to an economy where resources are used in a more sustainable way.  The ILO Convention 169 on Indigenous and Tribal ratified by the CAR and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).  From the specific angle of the Instrument contributing to Stability and Peace (IcSP), this action is complementary to the following initiatives:  The successful cooperation with the United States' Agency for International Development under the 'Property Rights and Artisanal Diamond Development' (PRADD) ***programme*** (EUR 1 million under AAP 2012 of the Instrument for Stability (IfS) and EUR 1 million under AAP 2015 of the IcSP) which particularly focused on helping Côte d'Ivoire comply with the KPCS requirements.  The ongoing cooperation with Partnership Africa Canada (PAC) (EUR 1 million under the 2014 AAP of IcSP), which aims at ensuring and enhancing the civil society participation to the KPCS.  The ongoing cooperation with 'Deutsche Gesellschaft für Internationale Zusammenarbeit' GIZ, which aims at setting-up a regional approach to KPCS implementation in the Mano River belt region of West Africa, helping regional Participants tackle smuggling, foster law enforcement cooperation and safeguard government revenues.  The work undertaken by the Joint Research Centre (JRC), to support the Commission in its role as Chair of the KP Working Group on Monitoring (WGM) by helping to monitor implementation of the KPCS.  The ongoing cooperation with the OECD on the implementation ***programme*** of the 'Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High-Risk Areas' (EUR 1 million under IfS AAP 2013 and EUR 3 million under IcSP AAP 2016)  The work led by GIZ to support the 'Regional Initiative against the illegal exploitation of Natural Resources' launched by the 'International Conference for the Great Lakes' (€3M under IfS AAP 2013) of which PAC is a technical partner in implementation.  the 'EU-UN Partnership on land, natural resources and conflict prevention', supported by the EU in 2008-2014 through the IfS and through which joint assistance was provided to third countries to prevent and address natural resources related conflicts. 23 (COM(2015) 614). [14] This action is also complementary to the recently launched 'European Partnership for Responsible Minerals' (EPRM), a public-private partnership aiming to increase the demand for and supply of responsibly-sourced minerals from conflict-affected and high risk areas. In particular the two projects in West Africa envisaged under this Action are to be implemented by two NGOs currently working in other settings with the EPRM. 3.3 Cross-cutting issues Under this action, the following cross-cutting issues will be addressed. First, the action will ensure 'gender mainstreaming' through its focus on artisanal and small-scale mining (ASM). It is estimated that approximately 30% of the world’s artisanal miners are women who occupy a number of roles ranging from labour-intensive mining methods to the processing aspect of artisanal mining, including amalgamation with mercury in the case of gold extraction. Human rights can be positively affected by a better governance of the mining sector, in particular of diamonds and gold. These minerals are an important factor of conflict and hatred between religious communities, hampering the effort of reconciliation. Respect of civil as well as social rights can be notably improved. In addition, the action will also deal with environmental issues by the worst effect of artisanal mining on the environment: i.e the impact on watercourses and the contamination of water, the use of mercury and deforestation. 4 DESCRIPTION OF THE ACTION 4.1 Objectives/results The overall objective of the Action is to contribute to peace-building and stabilisation efforts in mineral-rich fragile areas through the promotion of responsible sourcing and trading of gold and diamonds. This overall objective is reflected in the following specific objectives and results, which are outlined hereby in relation to the two different components of this Action: (a) In West Africa, the main expected results are:  Increased quantity of legal, responsible and traceable gold from artisanal mines to the international market, meeting the expectations of the downstream market in keeping with the OECD Due Diligence Guidance.  Enhanced due diligence on the mineral supply chain from mine to export and beyond.  Enhanced formalisation and legalisation of the artisanal and small-scale mining sector through the provision of incentives  Enhanced awareness and understanding at local community level (among civil society and private sector) on due diligence approach on gold and the benefits of legal and conflict free gold (b) In Central African Republic, the main expected results are: [15]  Enforced legal and institutional framework for mining production, transport and trading activities in CAR leading in particular to strengthened governance in the diamonds and gold mining sector;  Enhanced awareness and understanding (at local community level among civil society and private sector) on KP requirements and due diligence approach on gold (both OECD Due Diligence Guidance and ICGLR's Regional Certification Mechanism);  Enhanced economic activity and improved livelihood conditions at a local community level with particular consideration of gender equity and women’s economic empowerment;  Improved understanding of domestic gold production, financing and trade, in terms of quantities, illicit financing, export networks and supply chains;  Enhanced regional cooperation among the CAR and its neighbouring countries to combat trafficking and smuggling. This ***programme*** is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 16 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels', but also promotes progress towards Goal 12 'Ensure sustainable consumption and production patterns'. This does not imply a commitment by the country benefiting from this ***programme***. 4.2 Main activities (a) In West Africa, the main indicative activities include:  The conduct of research and analysis on sourcing and trading of gold in the concerned countries - which can be used as baseline assessment for the projects – including on issues such as the formal and informal tax structure as well as other levies and payments specific to the sector;  Community outreach and awareness raising, including gender sensitization;  Support to the formalisation of artisanal miners, through: o capacity building and training, provision of technical assistance; o credit and savings services, via the identification of financing opportunities to provide further incentive for legal and transparent trade; o clarification and (when possible) securing of land tenure rights; o introduction of more efficient and more environmentally conscious processing techniques, adapted to existing capacities and local geomorphology;  The set-up of a chain of custody system for ASM in gold, necessary to support due diligence;  Organisation of workshops, conferences and provision of technical assistance to improve the interregional cooperation on the ASM sector, leading to harmonized and effective public policies able to counter illicit trade. [16] (b) In the Central African Republic, the main indicative activities are hereby developed around the five expected results mentioned above: Legal and institutional framework:  Support the establishment of a register of diamond miners, traders and exporters in cooperation with the local level and the private sector. Support to be extended to pilot initiatives in the gold sector.  Support the design and establishment of the necessary institutional and legal architecture to implement the KP Regional approach and the ICGLR's Regional Certification Mechanism, taking also into account the gender impact of such institutional and legal reforms;  Foster cooperation with international initiatives such as the EITI, the UNEP Minimata Convention and the OECD Due Diligence Secretariat.  Training on the combat of smuggling, through targeted actions to support local customs and law enforcement. Awareness raising:  Awareness campaigns among local communities, civil society and private sector of KP rules and due diligence approach/mechanism. Economic activity and livelihood conditions:  Capacity building activities (e.g workshops and technical assistance) to improve processing techniques, health and safety, and environmental practices as well as to improve the socioeconomic capacities of artisanal miners;  Development of incentive ***programs*** to formalise the sector and enhance their ability to defend their activity/rights (notably through support to associations or cooperatives). Understanding of domestic gold production and the broader gold economy:  Undertake independent analysis and research on the gold economy and its financing to be used as baseline for the gold component of the project. Regional cooperation:  Explore possibilities to foster cooperation with CAR's neighbouring countries DRC and Cameroon in line with the regional meeting held in Bangui (August 2016).  Facilitate the development of databases on cross-border smuggling, as well as help to disseminate best practices from other regions (e.g Mano River Union in West Africa), as ***planned*** in the ICGLR's RINR. 4.3 ***Intervention*** logic Both the Kimberley Process and the 'Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas' were designed with the objective of curbing the link between exploitation of natural resources and conflict and of harnessing responsible investment and trade to drive change and create a peace dividend. This necessarily involves the promotion of gender equity and gender inclusiveness in risk mitigation and conflict prevention (in keeping with UNSCR 1325 on Women, Peace and Security). [17] As indicated in section 4.1, the promotion of responsible sourcing and trading of minerals and diamonds in conflict-affected and high-risk areas can help contribute to peace-building and stabilization efforts of and within mineral-rich fragile areas as well as to economic development, poverty alleviation and peace-building. The two approaches are intended to cultivate transparent supply chains and sustainable corporate engagement in the gold and diamond sectors with a view to enabling countries and their respective populations (men, women and children) to benefit from these resources, also by providing sustainable economic revenue for the State in a critical period of stabilisation. In particular, the 'EU integrated approach' is based on the OECD Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High-Risk Areas which provides a practical framework to help companies ensure they are not directly or indirectly contributing to conflict and/or serious abuses of human rights, comply with natural resource sanctions, avoid money laundering, illicit financial flows through mineral production and trade. 5 IMPLEMENTATION 5.1 Financing agreement In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012. 5.2 Indicative implementation period The indicative operational implementation period of this action, during which the activities described in section 4.12 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014. 5.3 Implementation modalities 5.3.1 Grant: direct award 'Just Gold: Cote d'Ivoire' (direct management) (a) Objectives of the grant, fields of ***intervention***, priorities of the year and expected results Partnership Africa Canada’s (PAC) Just Gold project aims to bring legal, conflict-free, and traceable gold from artisanal mines to the international market, thereby contributing to peace-building and stabilisation efforts as well as economic development and poverty alleviation. PAC has developed the Just Gold project to formalise the artisanal gold mining sector by creating a traceable, conflict-free mineral supply chain from mine site to refiner that complies with regional certification standards and international due diligence practices in accordance with the OECD Guidance. The indicative activities eligible for financing under this grant are: the conduct of a baseline assessment study; community outreach and awareness raising; capacity building, provision of technical and financing support for artisanal miners; clarification of land tenure rights, etc. as per the activities listed above (§ 4.2) for the West Africa component. [18] (b) Justification of a direct grant Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to Partnership Africa Canada (PAC). PAC is internationally recognized for the leadership role it played during the negotiations that led to the creation of the KP and has an exceptional record of successful work in the field of 'conflict diamonds and minerals'. It has a record of working with the industry, governments and civil society in countries emerging from conflict both in Africa and elsewhere to ensure that trade in minerals and diamonds can generate development and contribute to peace and stabilisation. Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified on the basis of Article 190 (1) point (f) of the RAP 'for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals'. In terms of technical competence, PAC has a unique position as coordinator of the KP Civil Society Coalition, a network of non-governmental organisations in Africa, Europe and North America, working to end diamond-related conflict and enhance the benefits of diamond mining for peaceful purposes. PAC is also a technical partner to the International Conference on the Great Lakes Region to support the implementation of the Regional Certification Mechanism across Member States as well as the development of the Regional Database on Mineral Flows. PAC has contributed to the development of 'conflict minerals' policy and ***programmes*** worldwide through investigative research, policy dialogue and implementation of innovative approaches. The 'Just Gold' project is based on an innovative model that PAC has designed to ensure the traceability of gold from conflict-affected and high-risk areas. This method has been successfully piloted and is currently fully operational in the Democratic Republic of Congo (DRC), with 6 mine sites and hundreds active miners integrated into the project. It has provided means to apply OECD Due Diligence Guidance in practice and to contribute directly to the formalization of the sector. PAC has recently completed extensive anthropological research on ASM and gender in Uganda, DRC and Rwanda, while research is still ongoing in Kenya, Sierra Leone and Mozambique. Based on this data, PAC has developed a thorough Gender Impact Assessment tool specific to the ASM sector and which ensure the gender dimension is truly mainstreamed in its work. The idea of this specific project in Côte d'Ivoire is to replicate the successful 'Just Gold' model developed and implemented by PAC in DRC. For this reason, PAC stands as the best implementing partner for this action. PAC is also a fully bilingual NGO, French and English, which allows it to work with greater ease in Cote d’Ivoire (and DRC). (c) Essential selection and award criteria The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the grant; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. (d) Maximum rate of co-financing [19] The maximum possible rate of co-financing for this grant is 100% of the eligible costs of the action. In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management. (e) Indicative trimester to conclude the grant agreement Q4 2017 5.3.2 Grant: direct award 'Market Access Standards for responsible gold in Burkina Faso' (direct management) (a) Objectives of the grant, fields of ***intervention***, priorities of the year and expected results Similarly to the above mentioned project by PAC, this project also aims to bring legal, conflict-free, and traceable gold from artisanal mines to the international market, thereby contributing to peace-building and stabilization efforts as well as economic development and poverty alleviation. The indicative activities eligible for financing under this grant are: the conduct of a baseline assessment study; community outreach and awareness raising; capacity building, provision of technical and financing support for artisanal miners; clarification of land tenure rights, etc. as per the activities listed above (§ 4.2) for the West Africa component. (b) Justification of a direct grant Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to 'Alliance for Responsible Mining' (ARM). Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified on the basis of article 190 (1) point (f) of the RAP 'for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals'. For more than a decade, ARM has been supporting the creation and adoption of an international standard, the Fairmined label that promotes and certifies artisanal gold ***produced*** with good labour, social and environmental practices. As such, ARM developed in the last years, extensive relationships with refiners, buyers, mint houses and jewellers in Europe and North America. More recently (2013-2016) ARM conducted a pilot project in Burkina Faso, Mali and Senegal aiming at setting the bases for the certification with the Fairmined standard of artisanal gold mining organisations and the marketing of their production. This allowed ARM to build solid bases in Burkina Faso and an in-depth understanding of the key parameters and stakeholders of the production and commercialisation of the artisanal gold. This project is fully based on the experience, know-how and lessons learned from the pilot project. ARM has also grown relationships with interregional organisations such as the “Autorité du Liptako-Gourma” (ALG) that are involving neighbouring countries of Burkina Faso in issues related to the formalisation of the ASM gold sector. This is particularly the case on technical issues related to environmental improvement, as well as on the type of relational and social structures in ASM organisations. ARM can further rely on strong relationships with [20] representative organisations from the sector in Burkina Faso and the example of already supported mining organisations. In parallel, ARM, in partnership with the NGO RESOLVE24, is currently developing a project of market access standard for artisanal gold miners in Colombia, funded by the EPRM25. This tool, which integrates the OECD due diligence guideline and fundamental human rights protection, shall facilitate the compliance with international market requirements, and further, the access to better commercial opportunities. Here, ARM intends to use the gathered knowledge from this experiment to adapt it in the sub-Saharan context. Fully French speaking team derived from ARM experience in the country make the organisation adapted to implement such project, which is fully aligned with its field of action. (c) Essential selection and award criteria The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the grant; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. (d) Maximum rate of co-financing The maximum possible rate of co-financing for this grant is 100%. (e) Indicative trimester to conclude the grant agreement Q1 2018 5.3.3 Indirect management with a Member State or a third donor country agency This action may be implemented in indirect management with 'Agence Française de Développement' (AFD) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails all of the activities enshrined in the project, in particular all of the indicative activities described in section 4.2 This implementation is justified because of several reasons. AFD has a longstanding and continuous involvement in the CAR, making it one of the few donors having continued its operation during the crisis and a reference partner for the Central African authorities. In total, AFD’s commitment in the CAR over the past five years has reached up to EUR 43 million. In 2016, AFD had 15 ongoing projects in CAR and the current project could benefit from synergies with some of AFD’s activities in forest management, microfinance, land tenure and local development. Thanks to its engagement, AFD has established a trustworthy relationship with public institutions, private sector and civil society in the CAR. In addition, AFD’s scope of ***intervention*** has been enlarged, since 2016, to governance issues. In the CAR, this opens promising perspectives on the financing of operations aimed at strengthening the governance of the country’s natural resources, including diamonds and gold. In addition to its specific work in CAR, AFD has recognised experience in fragile States and, in vulnerable contexts, operates on the basis of a cross-cutting approach which allows it to develop tailored projects covering a wide range of expertise. In the specific case of ASM in the CAR, AFD would propose a cross-sectorial team covering fields such as governance, natural resources management, conflict prevention, private sector support and change management. 24   [*http://www.resolv.org*](http://www.resolv.org)/ 25 See section 3.2 [21] The entrusted entity will be responsible of all budget-implementation tasks and activities required for the operational execution of the Action, including procurement, contracting and contracts management. If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in indirect management with USAID. The implementation by this alternative entrusted entity would be justified because of the following elements: a) USAID extensive experience in providing capacity support to governments, authorities and local stakeholders to enforce Kimberley Process requirements and implement due diligence approaches; b) the successful cooperation between the EU and USAID in this sector, under the 'Property Rights and Artisanal Diamond Development' ***programme*** (EUR 1 million under AAP 2012 of the IfS and EUR 1 million under AAP 2015 of the IcSP); c) USAID is currently present in CAR with its PRADD ***programme*** and intends to step-up its efforts, building on the experience gained in the years before the 2013. The alternative entrusted entity would entail all of the activities enshrined in the project, in particular all of the indicative activities described in section 4.2 5.4 Indicative budget EU contribution (amount in EUR) Indicative third party contribution, in currency identified 5.3.1 – Component West Africa composed of: 5.3.1 – Direct grant 'PAC' (direct management) 1 500 000 N.A 5.3.1 – Direct grant 'ARM' (direct management) 1 000 000 N.A 5.3.3 – Indirect management with AFD or USAID 1 500 000 N.A 5.7 – Evaluation, 5.8 - Audit will be covered by another decision N.A 5.9 – Communication and visibility N.A N.A Totals 4 000 000 N.A 5.5 Organisational set-up and responsibilities Each project will be managed by the responsible implementing partner in line with its internal procedure. On the EU side, the Contracting Authority will set-up an inter-service group gathering the concerned EU Delegations, European Commission services as well as the European External Action Service. [22] 5.6 Performance monitoring and reporting The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). 5.7 Evaluation The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The financing of the evaluation shall be covered by another measure constituting a financing decision. 5.8 Audit Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision. 5.9 Communication and visibility Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. [23] This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.4 above. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations. [24] APPENDIX - INDICATIVE LOGFRAME MATRIX Results chain Indicators Baselines (incl. reference year) Targets (incl. reference year) Sources and means of verification Assumptions Overall objective: Impact Contribute to peace-building and stabilization efforts in mineral-rich fragile areas through the promotion of responsible sourcing and trading of gold and diamonds Indicators will be identified for each project. The baseline will be identified for each project The targets will be identified for each project To be identified for each project. Governments recognise the need for reforms. Political will exists to adopt legal and regulatory changes. Property rights to mining claims are verifiable and recognised by local customary and administrative authorities. Governments recognize added value of cooperation at regional level. Local actors, private sector and civil society organisations are conscious of the importance of governance Specific objective(s): Outcome(s) A) West Africa component:  Increased quantity of legal, conflict-free and traceable gold from artisanal mines to the international market  Enhanced due diligence on the mineral supply chain from mine to export and beyond.  Enhanced formalisation of the artisanal mining sector B) Central Africa component:  Enforced legal and institutional framework leading to strengthened governance in the diamonds and gold mining sector;  Enhanced awareness and understanding on KP requirements and due diligence approach on gold;  Enhanced economic activity and improved livelihood conditions at a local community level;  Improved understanding of domestic gold production, financing and trade, in terms of quantities, illicit financing, export networks and supply chains;  Enhanced regional cooperation to combat trafficking and smuggling. Indicators will be identified for each project. The starting point or current value of the indicator to be identified for each project The intended value of the indicator to be identified for each project To be identified for each project. Outputs A) West Africa component:  research and analysis;  community outreach and awareness raising;  support to the formalisation of artisanal miners, Indicators will be identified for each project. To be identified for each project. To be identified for each project. To be identified for each project. [25] through: o capacity building and training, provision of technical assistance; o credit and savings services, via the identification of financing opportunities to provide further incentive for legal and transparent trade; o clarification and (when possible) securing of land tenure rights; o introduction of more efficient and more environmentally conscious processing techniques, adapted to existing capacities and local geomorphology;  chain of custody system for ASM in gold;  workshops, conferences and technical assistance to improve the interregional cooperation on the ASM sector. B) Central Africa component: Legal and institutional framework:  Register of diamond miners (plus pilot initiatives in the gold sector);  Support the design and establishment of the institutional and legal architecture;  Foster cooperation with international initiatives;  Training on the combat of smuggling. Awareness raising:  Awareness campaigns on KP rules and due diligence approach. Economic activity and livelihood conditions:  Capacity building activities (e.g workshops and technical assistance) to improve processing techniques, health and safety, and environmental practices as well as socioeconomic capacities of artisanal miners;  Development of incentive ***programs*** to formalise the sector and enhance their ability to defend their activity/rights (notably through support to associations or cooperatives). of the mineral sector and are willing to cooperate to achieve common goals. International market actors are willing to engage with local actors and to purchase locally ***produced*** and traded responsible minerals thus contributing to the elaboration of effective incentive structures for formalization. [26] Understanding of domestic gold production and the broader gold economy:  Independent analysis and research on the gold economy. Regional cooperation:  Explore possibilities to foster cooperation with DRC and Cameroon;  Facilitate the development of databases on cross-border smuggling, as well as help to disseminate best practices from other regions (e.g Mano River Union in West Africa).

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**End of Document**



[***Building rural resilience key for conflict-hit Near East - UN***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S9B-1KS1-JC6P-C51H-00000-00&context=1516831)

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May 10--Conflict has increased food insecurity in the Near East and to reverse this situation it is crucial to strengthen the resilience of poor, rural communities, including through social protection systems, FAO Director-General Jose Graziano da Silva said on Thursday.

"Even in conflict situations, there is much we can do, to keep local food systems functioning and bring hope to affected populations. We need to keep farmers on their farms ***producing*** food," Graziano da Silva said at the opening of FAO's Regional Conference for the Near East which is being attended by ministers and other top officials from more than 30 countries.

Graziano da Silva noted that up until 2013, the region was enjoying a period of overall decrease in undernourishment, but that since then food insecurity in the region has increased 15 percent especially due to the situations of prolonged conflict faced bu some countries.

The level of inadequate nutrition in countries facing conflict in the Near East and North Africa region is about 28 percent of their population - six times larger than in non-conflict countries in the region.

Graziano da Silva also noted that in 2016, there were almost 66 million forcibly displaced people in the world with nearly 25 million originating from just five countries facing conflict in the Near East and North Africa region.

FAO's highest priority is to support countries achieve the Sustainable Development Goal Number 2 on ending hunger and all forms of malnutrition, and also promoting sustainable ***agriculture*** development, da Silva said.

The Conference Chair, Ghazi Zeaiter, Minister for ***Agriculture*** of the Lebanese Republic called for a peaceful solution to the crises in the region. "One third of the countries in the Near East and North Africa are home to or witness to conflicts," he said.

To address the damage to infrastructure and economic losses and the problem of displacement and refugees, "collective and wide-scale actions," are required, Zeaiter added, noting the disruptions suffered by his own country, Lebanon.

While peace remains the main prerequisite for countries in the Near East and North Africa to achieve Zero Hunger, the region also faces other challenges affecting its already limited resources to ***produce*** food.

Fresh water availability in the region is only 10 percent of the world average - a situation that is not likely to improve as climate change impacts accelerate, and rapid urbanization and population growth continue.

In this regard, Graziano da Silva cited FAO' s launch of the Regional Water Scarcity Initiative which has been endorsed by the League of Arab States and which he said has been working well as a platform for collaboration and exchange of knowledge.

And as a "first step for transformative ***strategic*** ***planning*** of scarce water resources" eight countries in the region are in the process of building strong water accounting systems," Graziano da Silva said.

He also noted how in the context of climate change, "it is of utmost importance to promote the adaptation of food systems" and that agroecology has much to offer in this regard, in terms of mitigating greenhouse gases, as well as safeguarding natural resources and biodiversity.

Other FAO initiatives in the region include Small Scale Farming, which recognizes the importance of creating farm and off-farm employment, as a major source of income in rural areas, Building Resilience for Food Security and Nutrition, to develop coherent and evidence-based policy and ***programmes*** to meet countries' food security and nutrition demands whilst building resilience and promoting sustainable ***agriculture***.

Graziano da Silva also noted that FAO is assisting countries combat the spread of transboundary animal and pest disease, which has been accelerating due to climate change. These include endemic problems, such as the desert locust, the Red Palm Weevil, Foot-and-Mouth Disease, as well as new challenges such as the Xylella fastidiosa, a bacterium that affects olive trees.

The Director-General stressed the importance of enhancing regional collaboration to address this situation. FAO is working to promote strong coordination, preparedness, early warning, prevention, surveillance and response capacities, he said.

FAO defines the Near East as the Middle East plus Turkey and Afghanistan

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[***Launch of the African Land Policy Centre marks a step forward towards better governance of land***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PP6-2631-JDG9-Y49T-00000-00&context=1516831)

Impact News Service

October 9, 2017 Monday

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**Length:** 789 words

**Body**

Kigali: United Nations Economic Commission for Africa has issued the following news release:

Eleven years since the establishment of the Land Policy Initiative, a ceremony was held in the presence of African Ministers and experts that launched the African Land Policy Centre (ALPC) in the margins of the second meeting of the AU Specialized Technical Committee (STC) on ***Agriculture***, Rural Development, Water and Environment under the theme: “Enhancing environmental and ***agricultural*** transformation to achieve food and nutrition security in advancing Agenda 2063.”

Speaking at the launch, Josefa Sacko, AU Commissioner for Rural Economy and ***Agriculture*** welcomed the launch of the ALPC stating, “if the land is not well governed and sustainably managed we will not reach our set targets on increased ***agricultural*** productivity in accordance with the 2014 Malabo Declaration on ***Agriculture***.”

“I strongly believe that our success in achieving the continent’s vision of transformed economies and prosperous Africans depends on our genuine ownership of targets, ***plans*** and actions towards this vision,” she said.

Ms. Sacko affirmed the decision by the Ministers attending the STC this week, who stressed that the African Land Policy Centre, “needs to be stronger in capacity and reach than the LPI, in order to support Member States to domesticate AU Decisions in their efforts to develop land policies, reform institutions and build land information systems to improve the governance of land.”

For his part, Stephen Karingi, Director of the Capacity Development Division at the ECA spoke on behalf of the Executive Secretary, Ms. Vera Songwe and said, the launch of the ALPC marks an important milestone in the implementation of the 2009 AU Declaration on Land Issues and Challenges in Africa, which called for the “establishment of an appropriate institutional framework to provide coordination of the follow-up activities and facilitate mutual learning by member states as they develop and review their land policies.”

“The African Land Policy Centre will serve as a means to strengthen and sustain Africa’s capacity to coordinate Member States and other actors in the implementation of the AU Declaration on Land Issues and Challenges,” he added.

Established in 2006 by the ECA, African Union Commission and the African Development Bank, the Secretariat of the Land Policy Initiative (LPI) has been hosted by the ECA with a small staff of experts charged with providing technical inputs on a number of initiatives, notably, the implementation of the AU Declaration on Land in accordance with the Framework and Guidelines on Land and other activities aimed at building evidence and reaching consensus towards improving land governance for economic and social transformation, improving environmental management and enhancing peace and security. Between 2012 and 2013, the ECA provided technical input to the Secretariat as it led in consultations towards a study that ***produced*** recommendations to establish the Centre and presented to the inaugural African Union Specialized Technical Committee in 2015.

 “Today, we are making an important step to implement the STC decision to establish and capacitate the African Land Policy Centre to provide leadership, coordination, build partnerships and promote policy advocacy in support of member states,” she said.

The Centre is expected to work closely with Member States to build sex-disaggregated databases to track commitments through the monitoring and evaluation of land governance in Africa beyond the 12 Member States currently implementing the Monitoring and Evaluation of Land in Africa (MELA) project – a pilot study to track progress in the implementation of the African Union Declaration on Land Issues and Challenges.

ALPC will continue the work begun by the LPI, such as strengthening capacities of universities through the Network on Land Governance in Africa (NELGA) to improve training, research and monitoring. In addition, following the endorsement by the STC this week of the Guidelines for the Development Curricula on Land Governance in Africa developed by the LPI, the ALPC will continue the work of improving the quality of land professionals to address Africa’s realities.

“Through land governance ***programmes*** in our Regional Economic Communities, we shall have a stronger mechanism to respond to Member States’ needs,” said Karingi.

The African Union’s STC concludes its work on Friday. It aims to review the relevant ***strategic*** goals and linkages in ongoing ***agriculture***, rural development, water and environment related initiatives and their implications on the achievement of the overarching goals set out in the ten-year implementation ***plan*** of Africa’s Agenda 2063, to transform Africa.

**Load-Date:** October 11, 2017

**End of Document**



[***Register of Commission documents: Document date: 2017-05-23 COM-AC\_DR(2017)D051325-01 Comitology - Right of scrutiny Open the document in a new window Commission Implementing Decision on the recognition of Ethiopia pursuant to Directive 2008/106/EC of the European Parliament and of the Council as regards the systems for training and certification of seafarers Document date: 2017-05-23 COM-AC\_DR(2017)D051196-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P52-B0C1-JDG9-Y2WY-00000-00&context=1516831)

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June 6, 2017 Tuesday

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**Length:** 11777 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

[1] EN ANNEX IV of the Commission Implementing Decision on the 2017 Annual Action ***Programme*** for the Instrument contributing to Stability and Peace conflict prevention, peace-building and crisis preparedness component (Article 4) Action Document for 'Responsible sourcing of gold and diamonds from West and Central Africa' 1. Title/basic act/ CRIS number 'Responsible sourcing of gold and diamonds from West and Central Africa', financed under Instrument contributing to Stability and Peace. CRIS number: IcSP/2017/40385 2. Zone benefiting from the action/location West and Central Africa. The action shall be carried out at the following location: West Africa (in particular Côte d'Ivoire and Burkina Faso) and Central African Republic. 3. ***Programming*** document Thematic Strategy Paper 2014-2020 and accompanying Multiannual indicative ***Programme*** 2014-2017 of the Instrument contributing to Stability and Peace. 4. Sector of concentration/ thematic area Priority (e) under Art.4.1 of IcSP Regulation: Assistance to curb use of natural resources to finance conflicts and to support compliance by stakeholders with initiatives, such as the Kimberley Process Certification Scheme, especially as regards implementation of efficient domestic controls on the production of, and trade in, natural resources.

DEV. Aid: YES 5. Amounts concerned Total estimated cost: EUR 4 000 000 Total amount of EU budget contribution EUR 4 000 000 This action may also be co-financed for an amount to be determined. 6. Aid modality(ies) and implementation Project Modality 1) Direct management – grants – direct award with 'Partnership Africa Canada' (PAC) and 'Alliance for Responsible Mining' (ARM) [2] modality(ies) 2) Indirect management with 'Agence Française de Développement' (AFD), or alternatively with the 'United States Agency for International Development' (USAID) . 7 a) DAC code(s) 15220 - Civilian peace building, conflict prevention and resolution b) Main Delivery Channel 10 000 PUBLIC SECTOR INSTITUTIONS 8. Markers (from CRIS DAC form) General policy objective Not targeted Significant objective Main objective Participation development/good governance ☐ ☐ X Aid to environment ☐ X ☐ Gender equality (including Women In Development) ☐ X ☐ Trade Development ☐ X ☐ Reproductive, Maternal, New born and child health X ☐ ☐ RIO Convention markers Not targeted Significant objective Main objective Biological diversity X ☐ ☐ Combat desertification X ☐ ☐ Climate change mitigation X ☐ ☐ Climate change adaptation X ☐ ☐ 9. Global Public Goods and Challenges (GPGC) thematic flagships N/A 10. SDGs Main Sustainable Development Goal (SDG) 16: 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels'. Secondary SDG Goal 12: 'Ensure sustainable consumption and production patterns'. SUMMARY The Action fits in the context of the 'Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas' and the Kimberley Process, that the EU supports and participates in. Its overall objective of the Action is to contribute to peace-building and stabilisation efforts in mineral-rich fragile areas through the promotion of responsible sourcing and trading of gold and diamonds. The Action will cover two regions, West and Central Africa, and will be articulated around three projects. In West Africa, the Non-Governmental Organisations (NGOs) 'Partnership Africa Canada' and 'Alliance for Responsible Mining' will implement their project respectively in Côte d'Ivoire and Burkina Faso with the objective of bringing legal, conflict-free, and traceable [3] gold from artisanal mines to the international market, thereby contributing to peace-building and stabilization efforts as well as economic development and poverty alleviation. In the Central African Republic, a project led by the 'Agence Française de Development' (or alternatively by the 'United States Agency for International Development') will focus on enhancing natural resource governance (in particular with regard the sourcing and trade of diamonds and gold) as well as contributing to social cohesion and to the stabilisation of the country, notably by reducing the factors that create hatred and resentment between communities. 1 CONTEXT 1.1 Sector context As indicated in the Joint Communication (2014) 8 final1,'international trade in minerals sourced from unstable regions of the world can play a role in intensifying and perpetuating violent conflict. Although rarely the root cause, such trade provides significant financial means to armed movements to sustain their fighting ability, with serious consequences for millions of people caught in the violence'. Since the 1990s, natural resources have often been associated with the financing of armed conflicts and the perpetration of serious abuses of human rights in conflict-affected and high-risk areas. Conflict financing through mineral extraction and trade is a major impediment to peace, development and growth in mineral ***producing*** and transit countries. In particular, extraction and trade in diamonds represented an important source of financing for rebel groups during the civil wars in Angola, Sierra Leone and Liberia in the 1990s. Similarly, in the early 2000s, the rise in the international price of gold (and other minerals) led to increased interference by illegal armed groups particularly with mining operations. The artisanal mining sector is particularly vulnerable as it remains largely informal and is prone to wide corruption and violence, with almost no traceability or tracking of gold. The sector’s lack of policy cohesion and firm government presence results in significant loss to public revenues, undermining government oversight and, if left unchecked, could have implications for national and regional stability. 1.2 Country Context 1.2.1 West Africa According to a recent report by the NGO Partnership Africa Canada2, the light footprint of government in the artisanal gold sector in West Africa has far reaching consequences, as the lack of government presence, institutional structure and policy coherence undermine the ability for these countries to ***plan***, capture and reap the sector’s full economic benefits. In Côte d'Ivoire, Mali and Burkina Faso, the artisanal gold sector employs an estimated three million artisanal miners and their production - and therefore full contribution to national 1 Joint Communication to the European Parliament and the Council on 'Responsible sourcing of minerals originating in conflict-affected and high-risk areas - Towards an integrated EU approach' Joint(2014) 8 final. 2 The West African El Dorado: Mapping the Illicit Trade of Gold in Côte d’Ivoire, Mali, and Burkina Faso (January 2017) [4] economies - remains largely unknown. Smuggling and tax leakage not only deprive state coffers, but also contribute to political instability, lawlessness and criminality, much of it transnational in nature. Gold has always proven an easy pull for those looking to make a living and smuggled minerals are often the lifeblood of long and protracted civil wars, a magnet for instability, human exploitation, corruption, and above all, lost economic opportunity. The artisanal gold sector in Côte d’Ivoire, Mali, and Burkina Faso suffers from a lack of policy cohesion and firm government presence in artisanal mining areas. The consequence of this poses a significant loss to public revenues, undermines government oversight and, if left unchecked, could have implications for national and regional stability. There is no credible production and export data for artisanal gold from any of the studied countries. As the artisanal gold trade is based on a pre-financing system, all transactions in this largely unregulated and cash-based industry are based on trust, networks and price competition. This renders a huge obstacle for governments in their efforts to formalize the sector, including licensing the various actors, creating traceability over production, and levying appropriate taxes. The supply chains in the three countries are tightly interconnected. Extremely porous borders allow for a high degree of labour mobility in the mines and exacerbate smuggling. While Côte d'Ivoire is the principle source destination for mobile labour due to the legacy of civil war and higher grade gold yields, Burkina Faso, Togo and especially Mali are the main exporting hubs of artisanal gold. With regard to Côte d'Ivoire in particular, although the gold mining sector has long been neglected, it is however now on the way to becoming a new driver of the country's economy. The government has revised the mining code, and the country’s gold reserves have been reeling in foreign investors. However, most artisanal gold miners work clandestinely and with poor working conditions: child labour, gender inequality, air, water and soil contamination as well as illicit financing and smuggling with linkages to armed groups and conflict. A Reuters investigation shows that a network of senior officers – former rebel commanders who have integrated into the Ivorian army – have seized control of artisanal gold mines that generate tens of millions of dollars a year, and that engages in illegal taxation, smuggling and racketeering.3 In Burkina Faso, the number of artisanal and small scale miners is estimated between 700 000 and more than one million. The development of mining activities has however engendered negative environmental and social impacts, notably with regard to the use of mercury, cyanuric and other acids. Burkina Faso, as well as Mali, have ratified the Minamata Convention against the use of mercury and is currently facing the difficulty of implementing it in a highly informal sector. At a sub-regional level, the 'Autorité de Liptako' has as main objective the economic development of Burkina Faso, Mali and Niger, whose borders have been theatre of conflicts linked also to the exploitation of natural resources. 3 “Special Report: Why gold threatens Ivory Coast's peace”, Reuters, May 7, 2015, [*www.reuters.com/article/us-ivorycoast-gold-army-specialreport-idUSKBN0NS0V620150508*](http://www.reuters.com/article/us-ivorycoast-gold-army-specialreport-idUSKBN0NS0V620150508) [5] 1.2.2 Central African Republic The Central African Republic (CAR) is emerging from a situation of conflict and with the support of the international community, the newly elected Government is striving to stabilise the country. Production and trade in natural resources and minerals such as rough diamonds and gold provide a livelihood and income for a large part of the country’s population and serve as an important source of national revenues4. According to NGO International Peace Information Service (IPIS): 'The mining sector represents the CAR’s third economic activity after ***agriculture*** and forestry and constitutes an important source of revenue for an estimated 600,000 persons in the country',5most of which are artisanal miners – as industrial exploitation is very limited in the CAR. Such configuration makes it difficult to supervise, organize and value the mining activity. The resulting lack of formalisation represents a huge challenge, given that approximately 30% of diamonds and 95% of gold are smuggled illegally through other countries.6 Many observers consider this proportion has increased significantly since the crisis. This obviously translates into huge losses for the government in terms of tax revenues. In addition to the development aspects, governance in the field of natural resources has also important implications with regard to the ongoing efforts to achieve peace and social cohesion. Trade in diamonds and gold has indeed become a source of income for armed groups. According to a study by the International Peace Information Service (IPIS)7 and other sources such as the UN Panel of Experts on the CAR, gold and diamonds sales were/are used to finance conflict. With regard to the trade in rough diamonds, the CAR has been traditionally a source of high quality gemstones. Approximately 84% of the production in the CAR comes from artisanal miners, located in river and riparian areas, in two main mining basins: along the Mambéré and Lobaye Rivers (South-West) and along the Kotto River (East). These miners work under archaic and difficult working conditions and live in extreme poverty. Divisive policies influenced by ethnical allegiances had an impact on the diamond miners, with divisions between the Muslim and Christian population playing a factor in driving the conflict at local level. In particular, one of the conflict factors mentioned by experts is the grievance caused by the perceived dominance of the Muslim community over diamond trade, with miners predominantly Christian. For the poor miners that are only pick takers and receive only a small fraction of the value of the diamonds, it is difficult to improve their economic situation and this has contributed to escalate the hatred between religious communities. The crisis has led to a de-structuring of the supply chain, with many Muslim collectors who had fled to border countries, especially Cameroun (contributing to smuggling increase), and persisting supply difficulties for operating buyers ('bureaux d'achat import-export'). Following the 2013 crisis, the CAR - a Participant in the Kimberley Process Certification Scheme (KPCS) - was suspended from rough diamond trade. However, CAR has been 4 According to the UN panel of experts report on CAR, the Government has lost around 24 million dollars in revenues to smuggling only in the period 2013-2014. 5 IPIS, Action Aid, Cordaid: 'Gold and diamonds in the Central African Republic' (2013):   [*http://reliefweb.int/sites/reliefweb.int/files/resources/Gold%20and%20diamonds%20in%20the%20Central%20African%20Republic.pdf*](http://reliefweb.int/sites/reliefweb.int/files/resources/Gold%20and%20diamonds%20in%20the%20Central%20African%20Republic.pdf) 6 Ibidem 7   [*http://ipisresearch.be/wp-content/uploads/2014/11/IPIS-CAR-Conflict-Mapping-November-2014.pdf*](http://ipisresearch.be/wp-content/uploads/2014/11/IPIS-CAR-Conflict-Mapping-November-2014.pdf) [6] working closely with the European Union, the United States and other partners to ensure that diamond production and trade would not fuel conflict. After an improvement of the situation in CAR thanks to the ***intervention*** of United Nations (MINUSCA), the Kimberley Process adopted an Administrative Decision and Operational Framework for the resumption of exports of rough diamonds ‘compliant zones’ in CAR. Up to now, only prefectures located in the South-West regions have been declared compliant (Bérberati, Boda, Nola, and Carnot), gathering minimal conditions required – i.e restoration of basic security, no armed groups activities, reinforced internal controls and monitoring of production and trade. Ministry of Mines is striving to progressively extend the compliant zones, with predictable difficulties regarding to the East region (due to still instable political and security context). Similarly, the CAR government has recently adopted a 2017 Action ***Plan*** for the Extractive Industries Transparency Initiative (EITI)8 (after the suspension from the EITI during the 2013 crisis) – and a national Action ***Plan*** under the Minamata Convention9. In addition, as a member of the International Conference of the Great Lakes Region (ICGLR), CAR is committed to the implementation of the 'Protocol on the Fight against the Illegal Exploitation of Natural Resources', signed in Nairobi in December 2006. In 2010, the implementation of the Protocol was enshrined in the Lusaka Heads of State Declaration, which set up the Regional Initiative against Illegal Exploitation of Natural Resources (RINR). The centrepiece of the Initiative – which is based on the recommendations of the Organisation for Economic Cooperation and Development (OECD) Due Diligence Guidance, endorsed by ICGLR Heads of State in 2010 - is the implementation of six tools, namely the creation of a Regional Certification Mechanism, the Harmonisation of National Legislations, the set-up of a Regional Database on mineral flows, the Formalisation of the Artisanal Mining Sector, the promotion of the EITI as well as the set-up of a Whistleblowing Mechanism.10 These elements as well as the improvement of the political situation in the country in 2016 offer a unique opportunity for a project aimed at enhancing natural resource governance and helping to ensure that local communities benefit from mineral production and exports. 1.3 Public Policy Assessment and EU policy Framework Against this background, this Action comes to underpin two major EU policies in this area: 1. The 'Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas' adopted on 5 March 2014 by the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy11. The integrated EU approach is based upon the OECD Due Diligence Guidance and addresses three main issues: reducing the opportunities for armed groups to trade in tin, tantalum, tungsten and gold (3TG) in conflict-affected areas; improving the ability of EU operators − especially in the downstream section of the supply chain − to comply with existing due diligence frameworks (including for example Section 1502 of the US Dodd- 8 The Extractive Industries Transparency Initiative (EITI) is a global standard to promote the open and accountable management of oil gas and mineral resources. More information is available here:   [*https://eiti.org*](https://eiti.org) 9 The Minamata Convention on Mercury is a global treaty to protect human health and the environment from the adverse effects of mercury. More information is available here:   [*http://www.mercuryconvention.org*](http://www.mercuryconvention.org)/ 10 For more information, see here:   [*https://www.icglr.org/index.php/en/rinr*](https://www.icglr.org/index.php/en/rinr). 11 JOIN (2014) 8 final [7] Frank Act); and reducing distortions in global markets for the aforesaid four minerals sourced from conflict-affected and high-risk areas as is currently the case in the Great Lakes Region in Africa. The EU approach consists of: a) a draft Regulation of the European Parliament and the Council setting up a Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas; b) a joint Communication, which outlines a package of accompanying measures that will enhance the impact of the Regulation and an integrated EU approach. 2. The participation and support of the EU to the Kimberley Process (KP). The KP is a global tri-partite initiative between governments, civil society and industry, launched in May 2000. In December 2000, the United Nations General Assembly adopted a landmark Resolution supporting the creation of an international certification scheme for the trade in rough diamonds, whose purpose is to ensure that rough diamonds do not finance violence by armed rebel groups. Over the past years, the KP has evolved into an effective mechanism for stemming the trade in conflict diamonds and is recognised as a unique conflict-prevention instrument to promote peace and security. The joint efforts of governments, industry leaders and civil society representatives have enabled the scheme to curb successfully the flow of conflict diamonds in a very short period of time. Experts estimate that conflict diamonds now represent a small percentage of the international trade in diamonds, compared with estimates of up to 15% in the 1990s. The KP currently has 54 participating members (Participants)12, representing 81 participating countries. The EU participates in and supports the KP as an active instrument for conflict prevention, promotion of peace and international security. The European Union currently holds the KP Vice-Chairmanship (for 2017) and is scheduled to have the full Chairmanship in 2018. 1.4 Stakeholder analysis The three projects under this action will target a number of stakeholders and in particular:  National and local Government authorities, with the aim of increasing their capacity to monitor and enforce Kimberley Process requirements (in the CAR) and due diligence ***programmes*** (in all of the three countries)  The private sector, which has a key role in identifying and mitigating risks of conflict financing and human rights violations associated with mineral production and trade, as well as opportunities for more responsible supply chains and financing of diamond and gold production.  Civil society and local communities, to enhance its capacity to contribute to both KP and due diligence initiatives 12 The KP has 55 participating countries: Angola, Armenia, Australia, Bangladesh, Belarus, Botswana, Brazil, Cambodia, Cameroon, Canada, Central African Republic, China, Congo (DRC), Congo (ROC), Côte d'Ivoire, Croatia, European Union, Ghana, Guinea, Guyana, India, Indonesia, Israel, Japan, Kazakhstan, Laos, Lebanon, Lesotho, Liberia, Malaysia, Mali, Mauritius, Mexico, Namibia, New Zealand, Norway, Panama, Russian Federation, Sierra Leone, Singapore, South Africa, South Korea, Sri Lanka, Swaziland, Switzerland, Tanzania, Thailand, Togo, Turkey, Ukraine, United Arab Emirates, United States of America, Venezuela, Vietnam, Zimbabwe. [8]  At a more local level, the involvement of artisanal and small-scale miners, mine site operators, traders or buying houses13 and local authorities (state and customary) is essential.  Regional actors will also be targeted in particular in two projects: o The project in the CAR will liaise with the neighbouring countries of CAR (notably Cameroon and the Democratic Republic of Congo) to explore the possibility of a regional approach to KP compliance in line with conclusion of the Ministerial meeting held in August 2016 between the CAR, Cameroon and the Democratic Republic of Congo. Similarly, the project will ensure coordination with the ICGLR Secretariat and its technical unit on natural resources with the objective of enhancing the CAR's capacity to implement the Regional Initiative against the Illegal Exploitation of Natural Resources (RINR) and its Regional Certification Scheme. o The project in Burkina Faso will provide support to the 'Autorité du Liptako-Gourma' (ALG)14, which gathers Burkina Faso, Niger and Mali with the objective of promoting stable economic development in such a conflict-affected region. The specific focus on the above mentioned stakeholders will vary depending on the objective and context of each project. In that sense, for example, capacity building for government authorities will be at the core of the project in CAR as concerns the component on Kimberley Process. On the other side, the two projects in Côte d'Ivoire and Burkina will focus more on artisanal and small scale miners. 1.5 Priority areas for support/problem analysis The main priority areas for support include:  The institutional framework of the sector and the available tools to monitor and supervise the artisanal and small-scale mining sector and associated domestic supply chain, including the carrying out of gender-disaggregated baseline assessments and the development and maintenance of appropriate information systems;  The capacities of the national and local authorities to ensure alignment of the artisanal and small-scale mining sector with the Kimberley Process and the ICGLR Regional Certification Mechanism, which enables the in-region implementation of the OECD Due Diligence Guidance on Responsible Supply Chains; Efforts should be undertaken to include relevant Gender Ministries across capacity building activities;  The technical and professional capacities of the artisanal and small-scale miners, as well as their ability to form into associations and defend their activities and miners’ rights;  The provision of guidance to the private sector so that they may better understand what is required of them for KP and ICGLR's Regional Certification Mechanism compliance, and so as to promote fair and equitable relations between actors throughout the supply chain with due consideration to redress gender inequities as well;  Foster access to finance and to better technical processing tools, as drivers and incentives to align with international markets expectations; 13 The buying houses are the offices of diamond companies opened on the urban centers of the mining sites, where the companies buy the diamonds from the artisanal miners directly. 14   [*http://liptakogourma.org/nouveau2*](http://liptakogourma.org/nouveau2)/ [9]  Enhance commercial links between international gold market actors and artisanal and small-scale ***producers***, in order to create stable and responsible supply chains. 2 RISKS AND ASSUMPTIONS Risks Risk level (H/M/L) Mitigating measures Conflict and instability that can delay the implementation of the actions M in Burkina Faso and Côte d'Ivoire H in the CAR The action will mitigate this risk by adapting objectives and operational ambitions regarding to the different local contexts between regions. The action will also address social cohesion issues among mining communities. Implementing partners’ security systems and analyses will also serve to identify risks related to conflict or instability Lack of Government capacity to implement the actions M in Burkina Faso and Côte d'Ivoire H in the CAR The action will mitigate this risk through ad hoc support to and capacity building targeting the Governments and relevant authorities. Support will be obtained from civil society and key players representing the private sector. High levels of extreme poverty in the region provide counter-incentives set to compliance with KP and Due Diligence principles and induce illegal mining, smuggling and human rights abuses along the value chain M in Burkina Faso and Côte d'Ivoire H in the CAR The action will mitigate this risk by providing incentives to the formalisation of miners and traders, via finance and technical assistance. Access to legal status is hindered by difficult access to mining claims in the target countries M in Burkina Faso and Côte d'Ivoire, H in the CAR The action will concentrate in two different types of organisations, first an already legalised group, second a group that is potentially able to acquire a legal status. In parallel, the National Mining Authorities will be involved to provide easier access to legal claims. Tax burden prevent linking international legal markets with local ***producers*** M in Burkina Faso, Côte d'Ivoire and the CAR The action will engage with national authorities to adopt fiscal reforms that enable legal trade and easier access to export markets. Illicit trade offers higher prices to ***producers*** , hindering the development of legal and M in Burkina Faso, Côte d'Ivoire and The action will encourage international buyers to engage with local ***producers*** and will propose other [10] responsible supply chains the CAR indirect incentives such as access to financial and technical services that will render legal trade more appealing. Assumptions The Governments recognise the need for reforms. Political will exists to adopt legal and regulatory changes necessary for dealing better with mineral resources and increase the revenue of the State. Property rights to mining claims are verifiable and recognised by local customary and administrative authorities. Governments of the two regions recognize added value of cooperation at regional level on KP and due diligence specifically and mining sector governance more generally. Local actors, private sector and civil society organisations are conscious of the importance of governance of the mineral sector and are willing to cooperate to achieve common goals. International market actors are willing to engage with local actors and to purchase locally ***produced*** and traded responsible minerals thus contributing to the elaboration of effective incentive structures for formalisation. 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES 3.1 Lessons learnt The EU approach to the promotion of responsible sourcing of minerals and trade of diamonds is based upon the principle of the 'integrated approach', which implies the mobilisation of a variety of tools. As indicated in the Joint Communication (2014) 8 final15, the Commission proposal for a Regulation is accompanied by a series of measures, which include the support to third countries via development cooperation to ensure responsible mineral extraction and commercialisation. The activities aimed at strengthening regulatory and policy coherence with the due diligence approach in third countries need to be accompanied by support for the creation of economic and development opportunities for artisanal and small-scale miners. A key challenge remains how to operationalise normative standards in responsible business conduct. In this respect the following lessons can be learned from past experiences in supporting the artisanal and small-scale mining sector:  Need for the adoption of a clear legal framework that commits the governments to the KP and the ICGLR and/or the OECD Due Diligence Guidance;  Need for fiscal and legal convergence amongst neighbouring countries in order to create incentives for legal trade;  Need for a commitment from the governments to the creation of an enabling policy environment that promotes responsible artisanal production and trade: e.g provision of security of tenure; appropriate fiscal regime; fair and accessible licensing; provision of better mining services; access to equipment and creation of stable employment opportunities, etc; 15 Joint Communication to the European Parliament and the Council on 'Responsible sourcing of minerals originating in conflict-affected and high-risk areas - Towards an integrated EU approach' Joint(2014) 8 final. [11]  Need for due diligence practices to be understood, carried out and reported on by the private sector; conversely, need for these practices to be monitored by governments and civil society; chain of custody systems are tools that lend themselves to the carrying out of due diligence in particular in the gold sector;  Need to map out and understand how women and other potentially vulnerable groups participate in the diamond and gold supply chains to ensure that they derive benefit from EU-sponsored ***interventions*** and are not further marginalised;  Need for formalisation (i.e improving technical capacity, safety procedures, economic management skills) of artisanal and small-scale ***producers***;  Need to ensure that upstream and downstream stakeholders’ motives are understood so as to introduce effective incentive structures;  Need to strengthen the technical capacity of miners and facilitate gold ***producers***’ access to financing opportunities; these opportunities should be extended to those working in auxiliary services (such as women selling goods and food, etc.).  Need to facilitate links between ***producers*** and downstream legal buyers and refiners with more direct connections to the international markets. With regard to the Kimberley Process, the following lessons learned can be gathered from previous experience of EU support.  Property Rights: Work on clarification and strengthening of property rights at various stages of the mining process under other ***programmes*** such as PRADD16 demonstrate that resource conflicts can be significantly reduced while also providing incentives for investment and the mitigation of adverse environmental complaints. In this respect, there are several actions that yield better KP compliance such as better traceability of diamonds from the point of extraction to the point of export, systems for the registration of miners, adaptation and reform of mining laws and regulations. The positive results achieved by the PRADD project in Cote d’Ivoire and recent experiences of US Aid in the CAR point to the important benefits achieved at local level in reducing conflict through awareness raising of civil society and local communities, also contributing to the demilitarisation of mine sites in certain cases17. The existing conflict between religious communities in the CAR has an economic component that makes reconciliation efforts necessary to guarantee the sustainability of the economic activity in the long term.  Regional approach: Experience in developing a regional approach in the Mano River Union shows that there is a need f

or a substantive consensus and commitment around the idea of launching a regional approach. After the conversations to set up a regional approach between neighbouring countries of CAR about KP compliance, there is a need to provide a mechanism to maintain this momentum. In this respect, the operational conclusions of the meeting that took place in Bangui in August 2016 point to the need to establish a coordination system, at a national and regional level, to support the Regional Approach. This initiative enjoys the support of key working groups within the KP. 16 'Property Rights and Artisanal Diamond Development' – see section 3.2 for further information. 17 'Mineral supply chain and conflict links in Eastern Democratic Republic of Congo', OECD / IPIS (2015). Available here: [*http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf*](http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf) [12] Language barriers in Central Africa are smaller than within the Mano River Union as all countries are francophone (Cameroon, CAR, DRC) which will facilitate communication between the partners. Similarly, as concern gold, the whole concept of the ICGLR's Regional Initiative against Illegal Exploitation of Natural Resources is based upon the principle of regional cooperation, with the establishment of a Regional Certification Mechanism as well as the Harmonization of National Legislations and the set-up of a Regional Database on mineral flows. The regional approach in the Mano River Union could stand to learn from the ICGLR, which has been in existence since the early 2000s. For example, based on the ICGLR experience, the Regional Secretariat needs to have political credibility but be primarily technically-oriented to provide Member States with value added and credible direction. The Regional Secretariat must also be outward facing, engaging with and lobbying international market actors to encourage responsible artisanal and small-scale mining trade. 3.2 Complementarity, synergy and donor coordination This action is complementary to several initiatives, including:  The EU's strategy to support developing countries' efforts to eradicate poverty as outlined in the 2011 Agenda for Change Communication18 as well as the Commission's Proposal for a new European Consensus on Development Our World, our Dignity, our Future.19  The EU strategy on access to raw materials, as outlined in the Raw Materials Initiative and the European Innovation Partnership on Raw Materials20.  The EU Corporate Social Responsibility (CSR) Strategy21, which promotes responsible business conduct, in particular with respect to compliance with internationally agreed CSR principles and guidelines such as the OECD Guidelines for Multinational Enterprises and the 2011 UN Guiding Principles on Business and Human Rights.  The support to the African Mining Vision endorsed by the African Union in 2009 to ensure a transparent, equitable and optimal exploitation of mineral resources as well as its implementing body, the African Minerals Development Centre and to the implementation in the region of global responsible sourcing initiatives on conflict diamonds, transparency and forestry products (KPCS, EITI, CITES).  As concerns the Great Lakes Region, the Joint Communication on a '***Strategic*** framework for the Great Lakes Region'22 outlining a coherent and comprehensive EU approach at regional, national and local level to the different roots of the crisis and the support to the ICGLR's Regional Initiative on Natural Resources through funds from the Instrument for Stability.  The 2030 Agenda for Sustainable Development: mining activities modify landscapes and can have long-term impacts on communities and natural resources due to their physical degrading nature, as well as their use of chemicals and other harmful substances. 18 COM(2011) 637 final. 19 COM(2016) 740 final. 20 COM(2008) 699 final. 21   [*http://ec.europa.eu/growth/industry/corporate-social-responsibility\_en*](http://ec.europa.eu/growth/industry/corporate-social-responsibility_en). 22 JOIN(2013) 23 final. [13] Moreover, mining is often associated with deforestation, soil erosion, land degradation, air pollution, ecosystem disruption and water contamination. This action will thus be carried out mindful of the objectives in the 2030 Agenda for Sustainable Development, in particular concerning social inclusion of artisanal miners and the need to achieve a sustainable management of natural resources decoupling economic growth from environmental degradation.  In line with the EU approach to favour a circular economy approach to sustainability23, the action will contribute to help relevant stakeholders, including governments, businesses, NGOs and consumers, to make a transition to an economy where resources are used in a more sustainable way.  The ILO Convention 169 on Indigenous and Tribal ratified by the CAR and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).  From the specific angle of the Instrument contributing to Stability and Peace (IcSP), this action is complementary to the following initiatives:  The successful cooperation with the United States' Agency for International Development under the 'Property Rights and Artisanal Diamond Development' (PRADD) ***programme*** (EUR 1 million under AAP 2012 of the Instrument for Stability (IfS) and EUR 1 million under AAP 2015 of the IcSP) which particularly focused on helping Côte d'Ivoire comply with the KPCS requirements.  The ongoing cooperation with Partnership Africa Canada (PAC) (EUR 1 million under the 2014 AAP of IcSP), which aims at ensuring and enhancing the civil society participation to the KPCS.  The ongoing cooperation with 'Deutsche Gesellschaft für Internationale Zusammenarbeit' GIZ, which aims at setting-up a regional approach to KPCS implementation in the Mano River belt region of West Africa, helping regional Participants tackle smuggling, foster law enforcement cooperation and safeguard government revenues.  The work undertaken by the Joint Research Centre (JRC), to support the Commission in its role as Chair of the KP Working Group on Monitoring (WGM) by helping to monitor implementation of the KPCS.  The ongoing cooperation with the OECD on the implementation ***programme*** of the 'Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High-Risk Areas' (EUR 1 million under IfS AAP 2013 and EUR 3 million under IcSP AAP 2016)  The work led by GIZ to support the 'Regional Initiative against the illegal exploitation of Natural Resources' launched by the 'International Conference for the Great Lakes' (€3M under IfS AAP 2013) of which PAC is a technical partner in implementation.  the 'EU-UN Partnership on land, natural resources and conflict prevention', supported by the EU in 2008-2014 through the IfS and through which joint assistance was provided to third countries to prevent and address natural resources related conflicts. 23 (COM(2015) 614). [14] This action is also complementary to the recently launched 'European Partnership for Responsible Minerals' (EPRM), a public-private partnership aiming to increase the demand for and supply of responsibly-sourced minerals from conflict-affected and high risk areas. In particular the two projects in West Africa envisaged under this Action are to be implemented by two NGOs currently working in other settings with the EPRM. 3.3 Cross-cutting issues Under this action, the following cross-cutting issues will be addressed. First, the action will ensure 'gender mainstreaming' through its focus on artisanal and small-scale mining (ASM). It is estimated that approximately 30% of the world’s artisanal miners are women who occupy a number of roles ranging from labour-intensive mining methods to the processing aspect of artisanal mining, including amalgamation with mercury in the case of gold extraction. Human rights can be positively affected by a better governance of the mining sector, in particular of diamonds and gold. These minerals are an important factor of conflict and hatred between religious communities, hampering the effort of reconciliation. Respect of civil as well as social rights can be notably improved. In addition, the action will also deal with environmental issues by the worst effect of artisanal mining on the environment: i.e the impact on watercourses and the contamination of water, the use of mercury and deforestation. 4 DESCRIPTION OF THE ACTION 4.1 Objectives/results The overall objective of the Action is to contribute to peace-building and stabilisation efforts in mineral-rich fragile areas through the promotion of responsible sourcing and trading of gold and diamonds. This overall objective is reflected in the following specific objectives and results, which are outlined hereby in relation to the two different components of this Action: (a) In West Africa, the main expected results are:  Increased quantity of legal, responsible and traceable gold from artisanal mines to the international market, meeting the expectations of the downstream market in keeping with the OECD Due Diligence Guidance.  Enhanced due diligence on the mineral supply chain from mine to export and beyond.  Enhanced formalisation and legalisation of the artisanal and small-scale mining sector through the provision of incentives  Enhanced awareness and understanding at local community level (among civil society and private sector) on due diligence approach on gold and the benefits of legal and conflict free gold (b) In Central African Republic, the main expected results are: [15]  Enforced legal and institutional framework for mining production, transport and trading activities in CAR leading in particular to strengthened governance in the diamonds and gold mining sector;  Enhanced awareness and understanding (at local community level among civil society and private sector) on KP requirements and due diligence approach on gold (both OECD Due Diligence Guidance and ICGLR's Regional Certification Mechanism);  Enhanced economic activity and improved livelihood conditions at a local community level with particular consideration of gender equity and women’s economic empowerment;  Improved understanding of domestic gold production, financing and trade, in terms of quantities, illicit financing, export networks and supply chains;  Enhanced regional cooperation among the CAR and its neighbouring countries to combat trafficking and smuggling. This ***programme*** is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 16 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels', but also promotes progress towards Goal 12 'Ensure sustainable consumption and production patterns'. This does not imply a commitment by the country benefiting from this ***programme***. 4.2 Main activities (a) In West Africa, the main indicative activities include:  The conduct of research and analysis on sourcing and trading of gold in the concerned countries - which can be used as baseline assessment for the projects – including on issues such as the formal and informal tax structure as well as other levies and payments specific to the sector;  Community outreach and awareness raising, including gender sensitization;  Support to the formalisation of artisanal miners, through: o capacity building and training, provision of technical assistance; o credit and savings services, via the identification of financing opportunities to provide further incentive for legal and transparent trade; o clarification and (when possible) securing of land tenure rights; o introduction of more efficient and more environmentally conscious processing techniques, adapted to existing capacities and local geomorphology;  The set-up of a chain of custody system for ASM in gold, necessary to support due diligence;  Organisation of workshops, conferences and provision of technical assistance to improve the interregional cooperation on the ASM sector, leading to harmonized and effective public policies able to counter illicit trade. [16] (b) In the Central African Republic, the main indicative activities are hereby developed around the five expected results mentioned above: Legal and institutional framework:  Support the establishment of a register of diamond miners, traders and exporters in cooperation with the local level and the private sector. Support to be extended to pilot initiatives in the gold sector.  Support the design and establishment of the necessary institutional and legal architecture to implement the KP Regional approach and the ICGLR's Regional Certification Mechanism, taking also into account the gender impact of such institutional and legal reforms;  Foster cooperation with international initiatives such as the EITI, the UNEP Minimata Convention and the OECD Due Diligence Secretariat.  Training on the combat of smuggling, through targeted actions to support local customs and law enforcement. Awareness raising:  Awareness campaigns among local communities, civil society and private sector of KP rules and due diligence approach/mechanism. Economic activity and livelihood conditions:  Capacity building activities (e.g workshops and technical assistance) to improve processing techniques, health and safety, and environmental practices as well as to improve the socioeconomic capacities of artisanal miners;  Development of incentive ***programs*** to formalise the sector and enhance their ability to defend their activity/rights (notably through support to associations or cooperatives). Understanding of domestic gold production and the broader gold economy:  Undertake independent analysis and research on the gold economy and its financing to be used as baseline for the gold component of the project. Regional cooperation:  Explore possibilities to foster cooperation with CAR's neighbouring countries DRC and Cameroon in line with the regional meeting held in Bangui (August 2016).  Facilitate the development of databases on cross-border smuggling, as well as help to disseminate best practices from other regions (e.g Mano River Union in West Africa), as ***planned*** in the ICGLR's RINR. 4.3 ***Intervention*** logic Both the Kimberley Process and the 'Integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas' were designed with the objective of curbing the link between exploitation of natural resources and conflict and of harnessing responsible investment and trade to drive change and create a peace dividend. This necessarily involves the promotion of gender equity and gender inclusiveness in risk mitigation and conflict prevention (in keeping with UNSCR 1325 on Women, Peace and Security). [17] As indicated in section 4.1, the promotion of responsible sourcing and trading of minerals and diamonds in conflict-affected and high-risk areas can help contribute to peace-building and stabilization efforts of and within mineral-rich fragile areas as well as to economic development, poverty alleviation and peace-building. The two approaches are intended to cultivate transparent supply chains and sustainable corporate engagement in the gold and diamond sectors with a view to enabling countries and their respective populations (men, women and children) to benefit from these resources, also by providing sustainable economic revenue for the State in a critical period of stabilisation. In particular, the 'EU integrated approach' is based on the OECD Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High-Risk Areas which provides a practical framework to help companies ensure they are not directly or indirectly contributing to conflict and/or serious abuses of human rights, comply with natural resource sanctions, avoid money laundering, illicit financial flows through mineral production and trade. 5 IMPLEMENTATION 5.1 Financing agreement In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012. 5.2 Indicative implementation period The indicative operational implementation period of this action, during which the activities described in section 4.12 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document. Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014. 5.3 Implementation modalities 5.3.1 Grant: direct award 'Just Gold: Cote d'Ivoire' (direct management) (a) Objectives of the grant, fields of ***intervention***, priorities of the year and expected results Partnership Africa Canada’s (PAC) Just Gold project aims to bring legal, conflict-free, and traceable gold from artisanal mines to the international market, thereby contributing to peace-building and stabilisation efforts as well as economic development and poverty alleviation. PAC has developed the Just Gold project to formalise the artisanal gold mining sector by creating a traceable, conflict-free mineral supply chain from mine site to refiner that complies with regional certification standards and international due diligence practices in accordance with the OECD Guidance. The indicative activities eligible for financing under this grant are: the conduct of a baseline assessment study; community outreach and awareness raising; capacity building, provision of technical and financing support for artisanal miners; clarification of land tenure rights, etc. as per the activities listed above (§ 4.2) for the West Africa component. [18] (b) Justification of a direct grant Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to Partnership Africa Canada (PAC). PAC is internationally recognized for the leadership role it played during the negotiations that led to the creation of the KP and has an exceptional record of successful work in the field of 'conflict diamonds and minerals'. It has a record of working with the industry, governments and civil society in countries emerging from conflict both in Africa and elsewhere to ensure that trade in minerals and diamonds can generate development and contribute to peace and stabilisation. Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified on the basis of Article 190 (1) point (f) of the RAP 'for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals'. In terms of technical competence, PAC has a unique position as coordinator of the KP Civil Society Coalition, a network of non-governmental organisations in Africa, Europe and North America, working to end diamond-related conflict and enhance the benefits of diamond mining for peaceful purposes. PAC is also a technical partner to the International Conference on the Great Lakes Region to support the implementation of the Regional Certification Mechanism across Member States as well as the development of the Regional Database on Mineral Flows. PAC has contributed to the development of 'conflict minerals' policy and ***programmes*** worldwide through investigative research, policy dialogue and implementation of innovative approaches. The 'Just Gold' project is based on an innovative model that PAC has designed to ensure the traceability of gold from conflict-affected and high-risk areas. This method has been successfully piloted and is currently fully operational in the Democratic Republic of Congo (DRC), with 6 mine sites and hundreds active miners integrated into the project. It has provided means to apply OECD Due Diligence Guidance in practice and to contribute directly to the formalization of the sector. PAC has recently completed extensive anthropological research on ASM and gender in Uganda, DRC and Rwanda, while research is still ongoing in Kenya, Sierra Leone and Mozambique. Based on this data, PAC has developed a thorough Gender Impact Assessment tool specific to the ASM sector and which ensure the gender dimension is truly mainstreamed in its work. The idea of this specific project in Côte d'Ivoire is to replicate the successful 'Just Gold' model developed and implemented by PAC in DRC. For this reason, PAC stands as the best implementing partner for this action. PAC is also a fully bilingual NGO, French and English, which allows it to work with greater ease in Cote d’Ivoire (and DRC). (c) Essential selection and award criteria The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the grant; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. (d) Maximum rate of co-financing [19] The maximum possible rate of co-financing for this grant is 100% of the eligible costs of the action. In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management. (e) Indicative trimester to conclude the grant agreement Q4 2017 5.3.2 Grant: direct award 'Market Access Standards for responsible gold in Burkina Faso' (direct management) (a) Objectives of the grant, fields of ***intervention***, priorities of the year and expected results Similarly to the above mentioned project by PAC, this project also aims to bring legal, conflict-free, and traceable gold from artisanal mines to the international market, thereby contributing to peace-building and stabilization efforts as well as economic development and poverty alleviation. The indicative activities eligible for financing under this grant are: the conduct of a baseline assessment study; community outreach and awareness raising; capacity building, provision of technical and financing support for artisanal miners; clarification of land tenure rights, etc. as per the activities listed above (§ 4.2) for the West Africa component. (b) Justification of a direct grant Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to 'Alliance for Responsible Mining' (ARM). Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified on the basis of article 190 (1) point (f) of the RAP 'for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals'. For more than a decade, ARM has been supporting the creation and adoption of an international standard, the Fairmined label that promotes and certifies artisanal gold ***produced*** with good labour, social and environmental practices. As such, ARM developed in the last years, extensive relationships with refiners, buyers, mint houses and jewellers in Europe and North America. More recently (2013-2016) ARM conducted a pilot project in Burkina Faso, Mali and Senegal aiming at setting the bases for the certification with the Fairmined standard of artisanal gold mining organisations and the marketing of their production. This allowed ARM to build solid bases in Burkina Faso and an in-depth understanding of the key parameters and stakeholders of the production and commercialisation of the artisanal gold. This project is fully based on the experience, know-how and lessons learned from the pilot project. ARM has also grown relationships with interregional organisations such as the “Autorité du Liptako-Gourma” (ALG) that are involving neighbouring countries of Burkina Faso in issues related to the formalisation of the ASM gold sector. This is particularly the case on technical issues related to environmental improvement, as well as on the type of relational and social structures in ASM organisations. ARM can further rely on strong relationships with [20] representative organisations from the sector in Burkina Faso and the example of already supported mining organisations. In parallel, ARM, in partnership with the NGO RESOLVE24, is currently developing a project of market access standard for artisanal gold miners in Colombia, funded by the EPRM25. This tool, which integrates the OECD due diligence guideline and fundamental human rights protection, shall facilitate the compliance with international market requirements, and further, the access to better commercial opportunities. Here, ARM intends to use the gathered knowledge from this experiment to adapt it in the sub-Saharan context. Fully French speaking team derived from ARM experience in the country make the organisation adapted to implement such project, which is fully aligned with its field of action. (c) Essential selection and award criteria The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the grant; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action. (d) Maximum rate of co-financing The maximum possible rate of co-financing for this grant is 100%. (e) Indicative trimester to conclude the grant agreement Q1 2018 5.3.3 Indirect management with a Member State or a third donor country agency This action may be implemented in indirect management with 'Agence Française de Développement' (AFD) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails all of the activities enshrined in the project, in particular all of the indicative activities described in section 4.2 This implementation is justified because of several reasons. AFD has a longstanding and continuous involvement in the CAR, making it one of the few donors having continued its operation during the crisis and a reference partner for the Central African authorities. In total, AFD’s commitment in the CAR over the past five years has reached up to EUR 43 million. In 2016, AFD had 15 ongoing projects in CAR and the current project could benefit from synergies with some of AFD’s activities in forest management, microfinance, land tenure and local development. Thanks to its engagement, AFD has established a trustworthy relationship with public institutions, private sector and civil society in the CAR. In addition, AFD’s scope of ***intervention*** has been enlarged, since 2016, to governance issues. In the CAR, this opens promising perspectives on the financing of operations aimed at strengthening the governance of the country’s natural resources, including diamonds and gold. In addition to its specific work in CAR, AFD has recognised experience in fragile States and, in vulnerable contexts, operates on the basis of a cross-cutting approach which allows it to develop tailored projects covering a wide range of expertise. In the specific case of ASM in the CAR, AFD would propose a cross-sectorial team covering fields such as governance, natural resources management, conflict prevention, private sector support and change management. 24   [*http://www.resolv.org*](http://www.resolv.org)/ 25 See section 3.2 [21] The entrusted entity will be responsible of all budget-implementation tasks and activities required for the operational execution of the Action, including procurement, contracting and contracts management. If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in indirect management with USAID. The implementation by this alternative entrusted entity would be justified because of the following elements: a) USAID extensive experience in providing capacity support to governments, authorities and local stakeholders to enforce Kimberley Process requirements and implement due diligence approaches; b) the successful cooperation between the EU and USAID in this sector, under the 'Property Rights and Artisanal Diamond Development' ***programme*** (EUR 1 million under AAP 2012 of the IfS and EUR 1 million under AAP 2015 of the IcSP); c) USAID is currently present in CAR with its PRADD ***programme*** and intends to step-up its efforts, building on the experience gained in the years before the 2013. The alternative entrusted entity would entail all of the activities enshrined in the project, in particular all of the indicative activities described in section 4.2 5.4 Indicative budget EU contribution (amount in EUR) Indicative third party contribution, in currency identified 5.3.1 – Component West Africa composed of: 5.3.1 – Direct grant 'PAC' (direct management) 1 500 000 N.A 5.3.1 – Direct grant 'ARM' (direct management) 1 000 000 N.A 5.3.3 – Indirect management with AFD or USAID 1 500 000 N.A 5.7 – Evaluation, 5.8 - Audit will be covered by another decision N.A 5.9 – Communication and visibility N.A N.A Totals 4 000 000 N.A 5.5 Organisational set-up and responsibilities Each project will be managed by the responsible implementing partner in line with its internal procedure. On the EU side, the Contracting Authority will set-up an inter-service group gathering the concerned EU Delegations, European Commission services as well as the European External Action Service. [22] 5.6 Performance monitoring and reporting The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews). 5.7 Evaluation The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The financing of the evaluation shall be covered by another measure constituting a financing decision. 5.8 Audit Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. The financing of the audit shall be covered by another measure constituting a financing decision. 5.9 Communication and visibility Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. [23] This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility ***Plan*** of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.4 above. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility ***Plan*** of the Action and the appropriate contractual obligations. [24] APPENDIX - INDICATIVE LOGFRAME MATRIX Results chain Indicators Baselines (incl. reference year) Targets (incl. reference year) Sources and means of verification Assumptions Overall objective: Impact Contribute to peace-building and stabilization efforts in mineral-rich fragile areas through the promotion of responsible sourcing and trading of gold and diamonds Indicators will be identified for each project. The baseline will be identified for each project The targets will be identified for each project To be identified for each project. Governments recognise the need for reforms. Political will exists to adopt legal and regulatory changes. Property rights to mining claims are verifiable and recognised by local customary and administrative authorities. Governments recognize added value of cooperation at regional level. Local actors, private sector and civil society organisations are conscious of the importance of governance Specific objective(s): Outcome(s) A) West Africa component:  Increased quantity of legal, conflict-free and traceable gold from artisanal mines to the international market  Enhanced due diligence on the mineral supply chain from mine to export and beyond.  Enhanced formalisation of the artisanal mining sector B) Central Africa component:  Enforced legal and institutional framework leading to strengthened governance in the diamonds and gold mining sector;  Enhanced awareness and understanding on KP requirements and due diligence approach on gold;  Enhanced economic activity and improved livelihood conditions at a local community level;  Improved understanding of domestic gold production, financing and trade, in terms of quantities, illicit financing, export networks and supply chains;  Enhanced regional cooperation to combat trafficking and smuggling. Indicators will be identified for each project. The starting point or current value of the indicator to be identified for each project The intended value of the indicator to be identified for each project To be identified for each project. Outputs A) West Africa component:  research and analysis;  community outreach and awareness raising;  support to the formalisation of artisanal miners, Indicators will be identified for each project. To be identified for each project. To be identified for each project. To be identified for each project. [25] through: o capacity building and training, provision of technical assistance; o credit and savings services, via the identification of financing opportunities to provide further incentive for legal and transparent trade; o clarification and (when possible) securing of land tenure rights; o introduction of more efficient and more environmentally conscious processing techniques, adapted to existing capacities and local geomorphology;  chain of custody system for ASM in gold;  workshops, conferences and technical assistance to improve the interregional cooperation on the ASM sector. B) Central Africa component: Legal and institutional framework:  Register of diamond miners (plus pilot initiatives in the gold sector);  Support the design and establishment of the institutional and legal architecture;  Foster cooperation with international initiatives;  Training on the combat of smuggling. Awareness raising:  Awareness campaigns on KP rules and due diligence approach. Economic activity and livelihood conditions:  Capacity building activities (e.g workshops and technical assistance) to improve processing techniques, health and safety, and environmental practices as well as socioeconomic capacities of artisanal miners;  Development of incentive ***programs*** to formalise the sector and enhance their ability to defend their activity/rights (notably through support to associations or cooperatives). of the mineral sector and are willing to cooperate to achieve common goals. International market actors are willing to engage with local actors and to purchase locally ***produced*** and traded responsible minerals thus contributing to the elaboration of effective incentive structures for formalization. [26] Understanding of domestic gold production and the broader gold economy:  Independent analysis and research on the gold economy. Regional cooperation:  Explore possibilities to foster cooperation with DRC and Cameroon;  Facilitate the development of databases on cross-border smuggling, as well as help to disseminate best practices from other regions (e.g Mano River Union in West Africa).

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**End of Document**



[***Outsized Demand in Canada's Cannabis Market Triggers Upswing in Smart Money Flowing North; NetworkNewsWire Coverage***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R11-NGJ1-DXP3-R521-00000-00&context=1516831)

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**Body**

For 17 years Canada has provided legal access to medical cannabis to its citizens, and now the country is expected to legalize recreational marijuana by July 2018. With sales of Canadian medical cannabis projected to exceed $8 billion by 2024 ([*http://nnw.fm/bEi4r*](http://nnw.fm/bEi4r)) and the recreational market estimated to be worth over $18 billion annually (   [*http://nnw.fm/x49Ay*](http://nnw.fm/x49Ay)), investment capital has been pouring into Canada's licensed ***producers*** (LPs). Though the demand for cannabis is projected to exceed 600,000 kilograms a year (about 1.3 million pounds), Canada's LPs currently only cultivate about 20,000 pounds of dried marijuana annually. This immense impending imbalance is a magnet for serious capital investment. It also presents enormous domestic opportunities for one of Canada's premier ***producers***,ABcann Global(TSX-V: ABCN) (OTC: ABCCF)(ABCCF Profile), which ***produces*** only organically grown, pesticide-free, standardized product and ***produces*** among the highest yields within the Canadian sector.

Other publicly traded cannabis companies vying for position includeCronos Group Inc.(TSX-V: MJN) (OTC: PRMCF),Maricann Group Inc.(CSE: MARI) (OTC: MRRCF),Emblem Corp.,(TSX-V: EMC) (OTC: EMMBF), with cannabis finance company,Cannabis Wheaton Income Corp.(TSX-V: CBW) (OTC: CBWTF),looking to profit by injecting capital into select growers.

Canada's initial objective in recreational legalization is to eliminate criminal elements that made a fortune trafficking in marijuana. By getting marijuana out of the black market and into a regulated environment, Canada will generate significant tax revenues and enable it become the first developed country in the world to legalize recreational use. Managing the complexities of integrating the ***programs*** will be a delicate balance, but despite the challenges, suppliers are optimistic that legal recreational sales will be a reality by summer. Once fully implemented, Canada could be in the enviable position of being the only regulated ***producer*** of marijuana products in the world. In the interim, money keeps streaming into licensed suppliers; $685 million in investment capital was infused into publically traded licensed ***producers*** last year and this year looks to be even bigger. In November, Constellation Brands, a major beer and wine distributor in the United States, pumped $245 million into Canadian licensed medical marijuana growers ([*http://nnw.fm/Dl3Ew*](http://nnw.fm/Dl3Ew)).

To become a licensed ***producer*** is a marathon exercise in bureaucracy that can take up to three years, with only 3% of applications ultimately approved. Health Canada conducts thorough reviews of applications, ensures compliance, conducts frequent inspections, and enforces stringent standards. A pioneer in Canadian medical cannabis,ABcann Global (TSX.V: ABCN) (OTCQB: ABCCF),has been licensed in good standing since 2014 with no history of product recalls, and proprietary computer-controlled production systems that have bolstered the company's reputation for its consistent pharmaceutical-grade cannabis. Recognizing early on that if the plant was to be effectively utilized as medicine, production had to be standardized from batch to batch, year-over-year, ABcann took an unprecedented scientific approach to medical cannabis production and established a $1.5 million research contract with the University of Guelph, a world leader in controlled environmental growth systems. The scientific collaboration led to ABcann's proprietary cultivation methods that ***produce*** the highest consistent quality cannabis with yields that double the industry standards. Precise computer control of every possible variable allows ABcann to reliably homogenize the environmental experience so each plant reacts and ***produces*** the exact same medical compounds each and every grow cycle. The success of company's proprietary technique is reflected in its 94.7 percent customer retention rate, 30 percent month-over-month customer growth and its current yield rate which is nearly double the industry average ([*http://nnw.fm/w1vUW*](http://nnw.fm/w1vUW)). ABcann's scientific approach to medicine has established the company as an industry leader for quality and consistency and a reputation for pharmaceutical-grade products, a crucial factor to capitalize on international market opportunities. The company's modular approach to systems technology mitigates start up risks while ensuring consistency and product quality anywhere in the world. ABcann is already tactically targeting Western Europe.

ABcann's success didn't go unnoticed. The company went public in May 2017, raising nearly $12 million in a private placement and another $25 million in debentures. Shortly after, PI Financial pegged a one-year share price target of $2.25 (USD). ABcann recently announced the receipt of $11.9 million in proceeds from the exercise of warrants, and with a significant investment fromCannabis Wheaton Income Corp.(TSX.V: CBW) (OTCQB: CBWTF), brings ABcann's current cash position to about $45 million today. Priced significantly above market, ABcann announced on in August ([*http://nnw.fm/aVAL7*](http://nnw.fm/aVAL7)) the close of an initial $15 million investment by Cannabis Wheaton, which has raised over $85 million in the last six months, funds licensed or nearly licensed cannabis ***producers*** with smart money, brings in experts to evaluate budgets, and injects capital at important development phases.

Once facilities are ***producing***, Cannabis Wheaton gets a royalty on the sale of one-third of the output, which it negotiates to purchase at direct cost. Chuck Rifici, Cannabis Wheaton's CEO, commented on the investment, "This now adds a sixth license to the Cannabis Wheaton portfolio, and our first publicly traded ***producer*** with a sales license. Over the past three years, I've watched ABcann's involvement and evolution in the Canadian cannabis industry. They are widely recognized for their proprietary cultivation methods that ***produce*** high quality cannabis with industry leading yields."

This initial investment is only part of a larger $30 million phased investment for construction of an additional 50,000 square feet of pure cultivation space next to ABcann's current 14,000-square-foot cannabis cultivation facility in Ontario, Canada. ABcann's second production facility, its 65-acre Kimmett property, has construction ***plans*** for a 100,000-square-foot purpose-built facility taking production capacity to 20,000 kilograms per year and positioning ABcann for hyperbolic expansion in the Canadian cannabis industry.

Others vying for market position includeMaricann Group(CSE: MARI) (OTCQB: MRRCF),which is expanding its cultivation, extraction and production facilities, has raised in excess of $60 million over the last year, some of which was at a $250 million pre-money valuation. However, the company reported that Q2 sales declined by 27% from previous year levels and down 42% compared to Q1. Underscoring the importance of environmental controls, Maricann attributed the shortfall to a March windstorm that allowed sand to enter its greenhouses and ultimately caused destruction of all impacted plants. Since going public less than a year ago,Emblem(TSX.V: EMC) (OTC: EMMBF) has attracted nearly $27 million in fresh capital and has the same size growing facility as ABcann's current facility.CronosGroup(TSX-V: MJN) (OTC: PRMCF),which operates two wholly-owned licensed ***producers*** collectively situated on more than 125 acres of ***agricultural***, licensed land, has garnered over $80 million in debt and equity financing in just the last three months.

Smart money continues to pour into Canadian LPs at an unprecedented rate, and appears to be on the upswing. Obvious initial indications would be for the forthcoming legalization of recreational use. There's certain to be a bonanza of opportunity upon implementation, but smart money capitalizes on not only the impending obvious but also on ***strategic*** longer-term considerations. Select Canadian medical cannabis companies will be uniquely positioned to capitalize on gigantic global growth opportunities. Investors seeking substantial capital appreciation should strongly consider following the smart money.

For more information onABcann Globalplease visit:ABcann Global (TSX.V: ABCN) (OTCQB: ABCCF)

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Corporate Communications Contact:

NetworkNewsWire (NNW)

New York, New York

[*http://www.NetworkNewsWire.com*](http://www.NetworkNewsWire.com)

+1-212-418-1217 Office

[*Editor@NetworkNewsWire.com*](mailto:Editor@NetworkNewsWire.com)

Media Contact:

FN Media Group, LLC

[*NNW@FinancialNewsMedia.com*](mailto:NNW@FinancialNewsMedia.com)

+1-(954)345-0611

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[***Council of the European Union: Working Party of Chief Plant Health Officers (COPHS) on 14-15 June 2017 - Partial outcome of proceedings ST 10493 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P6G-J151-JDG9-Y1V0-00000-00&context=1516831)

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Brussels: Council of the European Union has issued the following document:

10493/17 GSC/mb 1 DGB 2B EN Council of the European Union Brussels, 21 June 2017 (OR. en) 10493/17 AGRI 347 PHYTOSAN 11 OUTCOME OF PROCEEDINGS From: General Secretariat of the Council To: Delegations Subject: Working Party of Chief Plant Health Officers (COPHS) on 14-15 June 2017 - Partial outcome of proceedings Awareness Raising Strategy for Plant Health in the European Union On 14 and 15 June the COPHs Working Party discussed a draft Awareness Raising Strategy for Plant Health in the European Union developed by the Presidency on the basis of the information on national practices collected through a questionnaire1. Delegations agreed on the strategy2 at their level, emphasising its high relevance given the devastating impacts of plant pests outbreaks, and its consistency with the preventive and proactive approach of the new Regulation (EU) 2016/2031 on plant health, due to enter into application on 14 December 2019. The Commission also supported the strategy and emphasised that an effective cooperation between the Commission and Member States would be essential for its sound implementation. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 1 See Annex II 2 See Annex I 10493/17 GSC/mb 2 DGB 2B EN ANNEX I 10493/17 GSC/mb 3 DGB 2B EN 1. INTRODUCTION The need for Awareness Raising strategy The European Union has faced various crisis and emergency situations due to outbreaks and findings of plant pests in its territory.

These pests led to devastating impact, which is why appropriate measures should be implemented to prevent their occurrence and/or to limit the spread and impact upon introduction. The lack of a common understanding of Plant Health among the different levels of stakeholders and the public in general has led to loss of time during outbreaks or emergencies. During control and enforcement actions and other phytosanitary measures Competent Authorities encounter numerous difficulties due to the lack of understanding and knowledge of stakeholders and the public. Communication, education and public awareness all contribute towards an effective implementation of EU policies. International and EU policy/ legislation Both international and EU legislation supports plant health awareness raising. Specific examples of EU legislations are the new Plant Health Regulation, Regulation (EU) 2016/2031/EU on protective measures against pests of plants and the Financial Regulation (EU) no 652/2014 which lays down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material. Member States are also obliged to raise public awareness through Decisions on emergency measures, such as Commission Implementing Decision (EU) 2015/789 as regards measures to prevent the introduction into and the spread within the Union of Xylella fastidiosa (Wells et al.). 10493/17 GSC/mb 4 DGB 2B EN Under the umbrella of the International Plant Protection Convention (IPPC), two ISPM’s, ISPM 2 and ISPM 11 on Pest Risk Analysis, outline the importance of risk communication in promoting awareness. Public education and awareness ***programmes*** serve also as incentives to the public in reporting pest information, as indicated in ISPM 6 (Guidelines for Surveillance). Development of the Strategy Awareness-raising as an essential tool in Contingency ***Planning*** was identified as a means of facilitating enforcement, effective control measures and rapid ***intervention*** in the eradication and control of pests and diseases and chosen as a priority for the duration of the Maltese Presidency of the Council of the European Union. This ***strategic*** ***plan*** was developed following discussions in the Chief Plant Health Officers (COPHS) Working Party held in February 2017, when the Maltese Presidency launched its work ***program*** and proposed the development of a strategy on Awareness Raising in Plant Health in the European Union as part of its horizontal priority on Emergency Preparedness. The state of play and the views of the Member States on the elements that should compose the common awareness-raising strategy for Plant Health in the European Union were collected through a questionnaire. The replies to the questionnaire were presented to the COPHS during a dedicated workshop entitled ‘Awareness Raising as an Essential Tool in Contingency’ in the margin of the Commission Working Group for Chief Officers for Plant Health, which was held in Malta in May 2017. This ***strategic*** ***plan*** also reflects the needs of the sector and the experience from awareness raising activities organised by the Member States. The replies to the questionnaire highlighted a number of difficulties on the implementation of awareness raising campaigns, mainly due to lack of human and financial resources. Through the survey information on the state play of plant health awareness raising in the EU was collated. The survey identified the most effective channels to reach stakeholders and the general public. 10493/17 GSC/mb 5 DGB 2B EN Nevertheless, there was a common understanding that an EU wide communication strategy would facilitate the approach of the member state for a more effective awareness campaign. The survey also identified priorities to be included in such a strategy. The detailed results and findings of this survey can be found in WK 6002/2017 document circulated in the delegates portal. 2. OBJECTIVE OF THE STRATEGY Against this background, the COPHS are of the opinion that a comprehensive awareness raising strategy for plant health in the European Union would be of practical use. To translate these necessities into action within an awareness-raising strategy, more specific communication objectives need to be elaborated. This awareness-raising strategy suggests a number of recommendations for a systematic and coherent approach to assist the Member States in the implementation of a country driven strategy which responds to the specific needs and contexts. Therefore, the COPHS Working Party of June 2017 is invited to agree on an awareness raising strategy on plant health in the European Union, while being cognisant of the need to implement strategies at a national/regional level. 3. ACTIONS and MEANS The strategy is structured on the basis of the following five suggested priority actions described in detail in the Annex, which build upon each other: 1. Development of awareness-raising strategies; 2. Creation of a Commission Working Group of Member States Experts; 3. Creation of toolkit and awareness-raising materials; 4. Engagement with target groups and training of communicators; 5. Monitoring and Evaluation 10493/17 GSC/mb 6 DGB 2B EN Monitoring on implementation would be reported by both the European Commission and the Member States to the European Commission Working Group of Member States Experts (priority action 2). The COPHS Working Group will be kept informed of any progress. 4. EXPECTED IMPACTS AND RESULTS To date awareness raising activities on Plant Health were carried out in the absence of an overall communications framework and a lack of consistent and long-term funding for communications activities. This strategy, followed by national/ regional strategies, is intended to help provide a systematic and coherent approach to assist Member States in the implementation of awareness raising activities. A common and consistent awareness raising strategy which target key stakeholders, would lead to emergency preparedness and a common understanding of Plant Health. Furthermore, a common strategy delivering universal key messages to inform about the threat of emerging plant pests and diseases is an effective and efficient tool in the prevention of pest outbreaks. The benefits derived from the implementation of awareness raising strategies should result in better knowledge about the role of Plant Health and create a more resilient plant health sector. The awareness raising strategy in the European Union, implemented through national and/or regional strategies will complement the activities of the International Year of Plant Health to be held in 2020, which aims to enhance the national, regional and international plant health systems and make them more responsive to face future plant health challenges. For the IYPH 2020, a definition of Plant Health was adopted3 and the main objective was defined4. For the sustainability of such a strategy, funding should be allocated to ensure that sufficient resources are available for the implementation in the long-run. In order to reduce the costs, multiple sources of funding and pooling of resources should be identified. 3 “Plant health is usually considered the discipline that utilizes official or legislative approaches to prevent pests and disease causing organisms to spread into endangered areas, especially through human interaction such as international trade” 4 'The International Year of Plant Health will raise awareness of the importance and impacts of plant health in addressing issues of global importance, including hunger, poverty, threats to the environment and economic development.' 10493/17 GSC/mb 7 DGB 2B EN The implementation of the suggested individual priority actions requires both financial and human resources to implement the strategy. Financial resources would be required to organise expert group meetings, training and workshops, establish an IT Platform and the development of the toolkit. Human resources would be required to create a structure to assist Member States, prepare guidelines, manage the IT platform, organise and chair meetings, conducts monitoring and evaluation exercises, collate and analyse the information. The strategy should allow Member States to develop their national/regional strategy to meet their specific needs and contexts. Therefore, the costs and benefits will depend on the level of ambition of the Member State; and will also vary according to the extent to which Member States will make use of the suggested toolkit and promotion material available on the IT platform. Suggested priority action 5: monitoring and evaluation framework should provide Member States with priorities for successive strategies and the effectiveness of their strategies. 5. CONCLUSION The Member States and the European Commission are invited to agree on the establishment of an Awareness Raising Strategy for Plant Health in the European Union on the basis of the priority actions and activities proposed in the annex. 10493/17 GSC/mb 8 DGB 2B EN ANNEX Priority action 1: Development of awareness-raising strategies A common awareness raising strategy framework should be developed to form the basis for specific Member State level strategies. The strategy should include an analysis of the state of communication in the EU and could comprise of the following elements: a) Conducting a survey at EU level to categorise the target groups, establish their level of awareness, and identify the actions required by these groups, with a view to support emergency preparedness and contingency ***planning***. b) Creating an inventory of available information and training materials. c) Promoting Plant Health with a view to the International Year of Plant Health in 2020. d) Aligning information with promotional material and guidelines issued by the European and Mediterranean Plant Protection Organisation (EPPO). Under this priority action, the European Commission is invited to set up a structure to assist Member States in creating their national or regional awareness-raising strategies. Where appropriate, use of existing ***programmes***, tools, structures and materials already existing within the European Union’s structures to ensure consistency, improve efficiency and minimise the costs should be made. The exercise will look to the provision of guidance on the type of messages and awareness-raising materials to be developed. It is suggested that Guidelines and recommendations be elaborated through a dedicated Working Group of Member States Experts, which the European Commission is invited to establish. The products should be posted on a dedicated IT web based Platform (e.g CIRCA or EUROPHYT) where Member States would then be able to adapt it as appropriate into their countries. Member States would be able to carry out a review and collate existing awareness raising material to be shared on the EU platform. 10493/17 GSC/mb 9 DGB 2B EN National/Regional Strategies - Although strategies may vary within the different Member States, each strategy is recommended to include the following components: (a) common key messages for awareness-raising activities; (b) awareness-raising activities; (c) timelines; (d) resource requirements; (e) an evaluation framework. The awareness raising strategy in the European Union, implemented through national and regional strategies could complement the activities of the International Year of Plant Health to be held in 2020, which aims to enhance the national, regional and international plant health systems and make them more responsive to face future plant health challenges. 10493/17 GSC/mb 10 DGB 2B EN Summary of Priority Action 1 Outcome Activities Indicators − List of target groups and level of awareness in the EU. − Inventory of awareness raising material. − Guidance document. − IT web based Platform. − National / Regional Strategies. − Establish the key target groups and required behaviour changes. − Conduct a survey to determine level of awareness of the key target groups and exploring the possibility to use already available structures such as Eurobarometer. − Conduct a review and collate awareness-raising products and materials. − Create an IT platform for the exchange of information. − Create national or regional awareness-raising strategies. − Submit national awareness-raising strategies. − Establish the level of awareness of the main target groups. − Inventory of existing awareness-raising materials. − Number of National / Regional Strategies. − IT platform created. 10493/17 GSC/mb 11 DGB 2B EN Role of the EU Commission Role of the Member States − Create a structure to assist member states in awareness-raising on Plant Health. − Provide a template for the development of national awareness-raising strategies. \* − Provide guidelines on the implementation of the national/regional strategy. \* − Establish an IT platform (page on DG SANTE’s website) to make available awareness-raising materials and awareness-raising strategies on Plant Health. − Review and collate awareness-raising products and materials. − Upload material on IT platform/webpage. − ***Produce*** national or regional awareness-raising strategies. − Submit national awareness-raising strategies to the EU Commission. \*As an outcome of the European Commission Working Group of Member States Experts Priority Action 2: Creation of a Commission Working Group of Member States Experts Under this suggested priority action the European Commission would be invited to establish a Working Group of Member States Experts (refer to as Working Group of Experts in the summary below) consisting of plant health technical experts and communication professionals to evaluate the level of awareness from surveys, develop key messages and propose common awareness-raising material and activities. The European Commission Working Group of Member States Experts should be constituted of national experts from the member states, representatives of the European Commission, European Food Safety Authority and EPPO Secretariat. The European Commission is invited to prepare the Terms of Reference (ToR) for the Working Group of Experts taking into account the discussions held with the COPHS Working Party. The Working Group of Member States Experts should attempt to address the following points: a) Identify the awareness raising tools which would be beneficial to create consciousness of plant health issues and be the most suitable to communicate the message. b) Identify the resources required to design an awareness raising campaign on Plant Health. 10493/17 GSC/mb 12 DGB 2B EN c) Identify the main target groups to be addressed. d) Identify the specific information requirements of the target groups. e) Establish the best approach to reach out to the target groups. f) Determine how to measure the success of outreach. g) Identify the available information tools which could be used. h) Identify the success stories which could be used as a basis for an awareness raising strategy and information campaign or communication activities. i) Appraisal of opportunities for awareness raising activities, event etc. Summary of Priority Action 2 Outcome Activities Indicators − List of experts. − Establishment of Working Group of Experts. − Catalogue of key messages. − Catalogue of information tools. − List of activities. − List of resources. − Nomination of technical experts. − Preparation of ToR for the Working Group of Experts. − ToR - Taking into account discussions held with COPHS Working Party. − Meetings of Working Group of Experts. − Creation of list of resources. − Working Group of Experts formed. − Catalogue of key messages created. − Catalogue of information tools created. − List of activities ***produced***. − List of resources ***produced***. Role of the EU Commission Role of Member States − Prepare the terms of reference for the Working Group of Experts. − Organise the meetings of the group and chair the meetings. − Organize stakeholder sessions to identify specific needs. − Appoint national experts. − Participate in working group. 10493/17 GSC/mb 13 DGB 2B EN Priority Action 3: Creation of Toolkit and Awareness-raising Materials. This suggested priority activity should focus on the creation of awareness-raising and training materials to be used in conveying key messages to the different target groups during awareness raising activities. Member States could then decide which of these materials would be most appropriate to use when introducing awareness-raising campaigns. It will support the national/regional strategies created to raise awareness and transmit messages to target groups in the specific country. The European Commission is invited to ***produce*** a toolkit with the assistance of the Working Group of Experts which would include procedures, templates and other materials on how Member States can create attractive awareness-raising and training materials. The toolkit should take the form of digital products and multimedia and should be created as an Open Content, to enable Member States to use it for the creation of diverse awareness-raising materials and adapted to the needs of a particular Member State. The research and assessments conducted under suggested Priority Action 1 should influence the selection of the most appropriate information material for communication with specific target groups. Suitability of the material to be used for reaching specific target groups varies with the context in which the campaign is being held. Printed materials may be suitable for training, seminars and workshops, while multimedia may be more appropriate for use on social media. The Working Group of Experts (as per priority action 2) should be also able to create products for use within formal education. The material forming the toolkit should be made available to the Member States in all EU official languages through the web-based IT platform (as per priority action 1). 10493/17 GSC/mb 14 DGB 2B EN Summary of Priority Action 3 Outcome Activities Indicators − Products and material to be used in awareness-raising and training activities forming part of national / regional strategies. − Creation of awareness-raising materials. − Translation into all EU official languages. − Uploading of national or regional developed material into IT platform. − Dissemination of material. − Catalogue of awareness-raising materials created. − Level of usage of awareness-raising materials established. Role of the EU Commission Role of the Member States − Translate into the EU official languages essential material and make it available online. − Use awareness raising material within national strategies. Priority Action 4: Engagement with Target Groups & Training of Communicators Carrying out activities to engage with target groups for raising awareness and building capacity in communication are the primary objectives of this suggested priority action. This action would help to properly identify the needs of the target groups and to select the most relevant approach to reach and influence their behaviour. In support of this activity, the European Commission is invited to organize specialized training courses and workshops on successful implementation of awareness raising in Plant Health. These should include ways on how to use the materials and how to deliver the key messages to target groups. Modules on the conduction of awareness raising activities and communication could be integrated within BTSF courses on emergency preparedness and contingency ***planning***. Guidelines and training material on the ways how awareness-raising and training materials may be 10493/17 GSC/mb 15 DGB 2B EN disseminated and used in support of the awareness-raising strategy should also be provided and be part of the toolkit under Priority Action 3. This suggested action would lead to trained communicators who are able to create awareness, effectively communicate to key target groups and convey the key messages included within the awareness-raising toolkit. Workshops and other events as identified in the national/regional strategy could be organized for the target groups by the trained communicators within their respective Member State. Summary of Priority Action 4 Outcome Activities Indicators − Trained communicators and trainers on Plant Health. − Increased level of awareness among target groups. − Hold training and workshops for communicators. − Training of trainers to organise activities to target groups. − Feedback and records of all activities are kept for priority action 5. − Number of communicators trained. − Evaluation reaction from trainees. − Number of activities held. − Number of participants in activities. − Increased level of awareness among target groups. − Intensity of use of awareness-raising materials. 10493/17 GSC/mb 16 DGB 2B EN Role of the EU Commission Role of the Member States − Organise training courses and workshops. − Provide guidelines. − Appoint and train communication experts. Priority Action 5: Monitoring and Evaluation The suggested fifth action, the monitoring and evaluation, is intended to identify priorities for successive reviews of the strategy. The European Commission and the Member States should be invited to carry out this action on time prior to the IYPH 2020 and every three years following the start of implementation of the national/regional strategies. For the purpose of monitoring and evaluation, data and information related to each priority actions is recommended to be collected by each Member State to be used in the assessment of the activities and actions. Such requirement should be incorporated within the national/regional strategy prepared for each Member State. This suggested priority action builds upon suggested priority action 1 which sets the baseline data on the level of awareness raising on plant Health in the EU, against which changes in awareness and behavior should be measured. The effectiveness and response to the awareness-raising materials developed under suggested priority action 3 and to the training and workshops organized under suggested priority action 4 should also be measured and assessed. In addition, Member States are recommended to assess the effectiveness of their activities and awareness-raising materials falling under their national / regional strategy. This exercise should allow modifications to the strategy for plant health in the EU and the national / regional strategies as well as direct the development of key messages and awareness material under priority action 3 and training under priority action 4. The data to be collected by the Member States should be the same to that collected at EU level in order to compare to the baseline data. The results of the monitoring and evaluation should be made available through the IT platform developed under 10493/17 GSC/mb 17 DGB 2B EN priority action 3 to be assessed and used by the European Commission Working Group of Member States Experts. Summary of Priority Action 5 Outcome Activities Indicators − Results of the activities and the effectiveness of the strategies. − Member States will have at their disposal the details required to adjust and alter their strategies as necessary. − Conduct surveys to determine changes in the level of awareness among target groups. − Evaluate awareness-raising materials to determine its effectiveness. − Evaluate effectiveness of awareness raising activities using data collected under each priority action. − Revise and adjust the national/regional awareness raising strategies according to the outcome of the analysis. − Share results of the analyses between the EU Member States. − Change in the level of awareness of target groups. − Record of awareness-raising materials and their use. − Feedback from participants in activities. 10493/17 GSC/mb 18 DGB 2B EN Role of the EU Commission Role of the Member States − Conducts monitoring and evaluation exercises. \* − Collate the information from the activities.\* − Analyse the information. \* − Dissemination of information to the Member States through the IT platform. − Collect data on each priority action. − Assess the effectiveness of their activities and awareness-raising material. − Make modifications to national/regional strategy as necessary. \*As an outcome of the European Commission Working Group of Member States Experts 10493/17 GSC/mb 19 DGB 2B EN ANNEX II 10493/17 GSC/mb 20 DGB 2B EN INTRODUCTION Background This report details the findings of a survey about the state of awareness-raising in the plant health sector conducted by the Maltese Presidency of the Council of the European Union in March 2017 among Chief Plant Health Officers across EU Plant Health authorities. The questionnaire was answered by all 28 Member States. MALTESE PRESIDENCY In the recent years the EU has faced different crisis and emergency situations due to the outbreaks of plant pests into its territory. More than 200 plant pest findings are notified every year by Member States. Pest outbreaks may cause major economic, social and/or environmental impact on countries, hence proper measures should be implemented to prevent their occurrence and limit their spread and impact when introduced. The lack of a common understanding of “Plant Health” by different levels of stakeholders has led to precious loss of time during outbreaks or emergencies. In the instances that Competent Authorities try to conduct control measures, enforcement measures and other phytosanitary measures, numerous challenges are continuously encountered due to the lack of understanding by stakeholders and the general public. The Maltese Presidency believes that the EU should invest more in awareness-raising since it facilitates enforcement, effective control measures and rapid ***intervention*** in the eradication and control of pests and diseases. Scope The main objectives behind the questionnaire were three-fold:  To collate information on the current measures relating to awareness-raising in all EU member states and the future prospects.  to identify useful means of communication with the various stakeholders.  to determine whether there is a need for an EU strategy on plant-health awareness, and if there is such a need, to identify those elements that should constitute it. 10493/17 GSC/mb 21 DGB 2B EN Participants All the 28 EU Member States were invited to participate in the web-based survey. More specifically, each country was represented by a key informant on plant health issues from that respective country. The participating countries were: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. This represents a response rate of 100%. Project Timelines This study was carried out between January and June 2017. A more specific summary of timelines is provided below:  Development of questionnaire: January-February 2017  Collection of responses: March 2017  Analysis of data: April 2017  Presentation of results: May 2017  Final Report and Discussion: June 2017 10493/17 GSC/mb 22 DGB 2B EN EXECUTIVE SUMMARY This report outlines the current measures relating to awareness-raising in the plant health sector in all 28 Member States and the future prospects. The key findings have been summarised in this section and a more detailed account is provided in the main body of the report. The entities responsible for raising awareness about plant health in the 28 countries include Central Competent Authorities, Regional Competent Authorities, Ministries and other entities, with the Central Competent Authorities being the main responsible body. However in 75% of the EU countries multiple entities are involved in raising awareness. The number of public service personnel and contracted staff assigned on raising awareness or publicity (as an expertise) in the plant health sector is very low within the EU, with the vast majority of such personnel being public service staff rather than contracted staff. The national financial budgets allocated for raising public awareness in the plant health area in 2016 was nil in twelve Member States, while thirteen Member States allocated less than €50,000. Only three Member States had a national budget of more than €151,000 allocated for awareness-raising in plant health. The use of EU funds for this purpose is very limited, with only seven Member States making use of the EU budget. The reasons provided by the remaining 21 Member States for not utilising EU funds include not being aware of opportunities, no experience / resources to tap into such funds and because national / regional funding was sufficient. Difficulties in carrying out successful awareness-raising campaigns are encountered by 85% of the Member States. Lack of human resources and financial resources were identified as the two most important inhibitors of successful plant health awareness campaigns. National strategies on Plant Health Awareness are absent in 57% of the EU countries. 14% have a specific strategy on plant health awareness (including pest-specific strategy), while 29% of the countries have one strategy as part of a broader strategy. 10493/17 GSC/mb 23 DGB 2B EN During the period 2012 – 2016, 26 Member States carried out plant health awareness campaigns, which focused on pests (96%), commodities (77%), trade (73%) and promotion of plant health service (31%). From the 26 Member States that carried out plant health awareness campaigns, 22 targeted specific points of entry, namely: airports (69%), sea ports (39%), land borders (23%), and land borders with other member states (8%). Only 7 of the Member States that carried out information campaigns assessed the effectiveness of their information campaign using multiple methodologies, which consisted of the quantity of responses from the general public and other stakeholders (e.g calls following a campaign) (5), surveys (5), web analytics (4), and interviews (1). Member States are of the opinion that the most effective channels in awareness-raising to reach the general public are TV and Radio. However, other channels are used to target specific audience/stakeholders. Direct communication (via sms, emails and letters) is mainly used for growers/***producers***, intra-EU traders and importers (traders with third countries), customs/p

ostal service officials, policy makers and NGOs. Billboards and Posters are mainly used as tools to target travellers. Conferences and Trainings are used to reach park/forest management services, students and scientific communities. TV and Radio are the most effective channels used for public support on eradication/control, while leaflets/journals/articles are considered as the most effective tool to create public awareness on emerging risks (e.g notification of presence if organism by public). Direct communication in the form of sms, emails and letters are considered effective to obtain the support of policy makers. Press releases and TV/radio are both considered as the most effective channels for public cooperation on emerging risks. There was a common agreement for the development of an EU awareness raising strategy. The survey results also identify the elements which should constitute part of the EU awareness-raising strategy. 10493/17 GSC/mb 24 DGB 2B EN 1. Section A: General Information on Plant-Health Awareness-Raising in EU Member States 1.1 Which entities are responsible for raising public awareness in plant health? The main entity responsible for raising awareness about plant health in the 28 Member States is the Central Competent Authority (25), followed by the Ministry (12), the Regional Competent Authority (10), and academic/research institutes (4). It is worth noting that 21 (75%) of the Member States use multiple entities to raise awareness, while only seven (25%) mentioned a single entity, namely the Central Competent Authority. The bar chart below illustrates a summary of the responses. 1.2 Please indicate the number of personnel assigned on raising awareness or publicity) as an area of expertise) in the plant health sector in your country. The 28 Member States were asked to provide the approximate number of Public Service personnel and contracted personnel assigned on raising awareness or publicity (as an expertise) in the plant health sector. A summary of the responses is shown in the frequency table below 10493/17 GSC/mb 25 DGB 2B EN Both distributions are negatively skewed, with high frequencies on the 0’s and 1’s. It is clearly evident that the vast majority of such personnel are Public Service Personnel rather than contracted personnel. Additionally, it is worth noting that 8 Member States do not have a single person assigned to raise awareness or publicity in the plant health sector. 1.3 What was the approximate financial budget allocated specifically for raising awareness in the plant health area in 2016 and the year before (2015)? Member States were asked to report the approximate financial budgets allocated to raise public awareness in the plant health area in 2016 and 2015. The budget allocations for 2016 are shown below. 10493/17 GSC/mb 26 DGB 2B EN With respect to the National Budget, the majority indicated a budget of less than €50,000 (46.4%) or nothing at all (42.9%), with 3 Member States received a budget exceeding €150,000 (10.7%). Only 3 (10.7%) Member States tapped into EU budgets: 2 reported a fund below €50,000, and 1 between €51,000 and €200,000. None of the member states indicated that they were allocated funds from some other budget. The budget allocations for 2015 are shown below. The clustered bar charts indicate that the budget allocations for 2015 were very similar to those of 2016. 10493/17 GSC/mb 27 DGB 2B EN 1.4 Did you use EU funds for public-awareness-raising in the area of plant health? If YES, which ***programme***/s of EU funding did you use? If NO, why not? \*Response Count = 28; one Member State tapped into two ***programmes*** From the 28 EU Member States, 7 (25.0%) reported that they used EU funds for raising public-awareness in the area of plant health. The ***programmes*** of EU funding used were the Pest Survey ***programme*** – Regulation (EU) 652/2014 (3), the EAFRD (2), the Solidarity ***Programme*** (2), and the Plant Health Emergency Measures – Regulation (EU) 652/2014 (1). The total exceeds 7 since one country tapped into two ***programmes***. From the 21 that did not use EU funds, 18 Member States provided the following reasons for not doing so: - they were not aware of such a possibility (4); - there is a lack of information on EU funds in this area (3); - they have no experience/resources to tap into EU funds (3); - no plant health awareness campaigns were targeted at the national level (3); - because the national/regional budgets were sufficient (3) - they did not consider this possibility (2). 10493/17 GSC/mb 28 DGB 2B EN 1.5 Do you have a strategy on Plant Health Awareness in place? The pie chart above shows that 16 (57.1%) Member States do not have a strategy on plant health in place. Of the remaining 12 countries, 4 reported that they have one specifically on plant-health awareness, and 8 stated that they have one strategy as part of a broader strategy. A strategy specifically on plant-health awareness includes: • Flavescence dorée (FD) (Open eyes campaign to improve the knowledge about FD for growers, stakeholders, etc.) in Hungary. Others as part of a broader strategy include: • ‘Ecophyto National Pesticide Reduction ***Plan***’ and the ‘Bulletins de santé du végétal’ (Regional Plant Health Bulletins) in France; • ‘Protecting Plant Health: A Plant Biosecurity Strategy for Great Britain’ (UK) and ‘The Scottish Government Plant Health Strategy’ (Regional) • ‘The ***Plan*** of Communication for 2017 of the State Plant Service under the Ministry of ***Agriculture***’ in Lithuania. 10493/17 GSC/mb 29 DGB 2B EN 1.6 Do you think EU funds intended for awareness raising campaigns in the area of plant health are easily accessible? If NO, what do you recommend? The pie chart above shows that only 2 (7.1%) Member States think that EU funds intended for public awareness campaigns in the area of plant health are easily accessible; 4 (14.3%) reported that they are not easily accessible and the remaining 22 (78.6%) don’t know. To facilitate access to funds, it has been suggested there is a need to overcome the lack of human resources available, lack of financial resources and competences in the area of funding mechanisms. 10493/17 GSC/mb 30 DGB 2B EN 2. Section B: Details of Past Awareness Activities 2.1 Have you carried out any awareness campaigns during the past five years? The pie chart reveals that 26 (92.9%) Member States carried out awareness campaigns during the past five years. 2.2 When carrying out awareness campaigns during the past 5 years (if any), which of the following orientations (pest, trade, commodity, promoting plant-health service, other – please specify) did you focus on? Response count = 26; respondents could tick multiple answer options 26 (92.9%) 2 (7.1%) Yes No 10493/17 GSC/mb 31 DGB 2B EN The 26 Member States that carried out awareness campaigns focused on the following orientations: i) Pests (25 or 96.2%), ii) Commodities (20 or 76.9%), iii) Trade (19 or 73.1%), iv) Promotion of plant-health service (8 or 30.8%) No respondent mentioned any other orientation in the ‘other-please specify’ category. 2.3 In case you carried out pest-oriented campaigns in the last five years, please specify the tests targeted. 25 (89.3%) Member States targeted pest-oriented campaigns. The pests targeted during the campaigns included bacteria, insects, fungi, nematodes, viruses and MLO’s: - Insects (e.g Anoplophora spp., Rhynchophorus ferrugineus, Drosophila suzukii); - Bacteria (e.g Xylella fastidiosa, Erwinia amylovora, Ralstonia solanacearum, Clavibacter michiganensis subsp. sepedonicus) - Viruses and MLOs (e.g Citrus tristeza virus, Plum Pox Virus, Grapevine flavescence dorée) - Fungi (e.g Phytophthora ramorum, Gibberella circinata, Hymenoscyphus fraxineus) - Nematodes (e.g Bursaphelenchus xylophilus, Globodera pallida and Globodera rostochiensis) 10493/17 GSC/mb 32 DGB 2B EN 2.4 In case you engaged in trade-oriented and/or commodity-oriented campaigns, please specify commodity and stakeholders targeted by completing the following table. Response count = 22; Respondents could tick multiple commodities for each stakeholder provided. The stacked column graph above shows that all stakeholders were targeted to some extent across all commodities provided and no particular stakeholder dominated. 2.5 Were any of the campaigns indicated in the previous question targeted for trade/import from a specific country? Nine member states indicated that their campaigns were targeted at trade/importation of goods from a specific country, the goods mentioned were: - coffee plants from Costa Rica and Honduras; - fruit and vegetables from Ghana, India and China; - wood from the USA, Canada, India and Russia; - wood packaging material from China, Spain and Portugal; - grain from India, Iran and Indonesia; - cut-flowers from Indonesia; - ornamental plants from Qatar; Fruits / vegetable s Wood Wood packing material Plants for planting Ornament al plants Seeds / bulbs Cut flowers ***Producer*** 13 8 11 15 12 7 2 Trader (intra EU) 9 8 13 15 11 6 3 Importer 11 11 19 11 10 7 5 General public 11 7 7 11 11 7 5 0 10 20 30 40 50 60 10493/17 GSC/mb 33 DGB 2B EN - flowers for planting from the Republic of Moldavia; - host plants (of Xylella fastidiosa) from Central America; - plants from Mediterranean countries; - potatoes from Spain. 2.6 What difficulties (if any) did you encounter when carrying out a successful campaign? (Tick all that apply) Response count = 26. The bar chart above reveals that of the 26 Member States that carried out awareness campaigns during the last 5 years, 22 (84.6%) encountered some form of difficulty. Furthermore, a lack of human resources (76.9%) and a lack of financial resources (65.4%) emerged as two very important inhibitors of successful plant health awareness campaigns. 10493/17 GSC/mb 34 DGB 2B EN 2.7 When carrying out information campaigns (e.g use of posters), which points of entry (of any) were targeted? (Tick all which apply) Of the 26 Member States that carried out awareness campaigns, 22 (78.9%) targeted specific points of entry, namely: airports (69.2%), sea ports (38.5%), land borders with third countries (23.1%), and land borders with other Member States (7.7%). In the ‘other (please specify)’ category, it was mentioned that information campaigns were carried out at gas stations on roads/motorways (1), importer warehouses (1), travel agencies (1), tourist sites (1) and regional plant service offices under the Ministry of ***Agriculture*** and Municipalities (1). 2.8 When assessing the effectiveness of information campaigns (if any), which methodology/methodologies did you use to assess the effectiveness of the campaign? (Tick all that apply) From the 26 Member States that carried information campaigns, seven (26.9%) assessed the effectiveness of their information campaign. The methodologies adopted consisted of: - the quantity of responses from the general public and other stakeholders (e.g calls following a campaign) (5), - surveys (5), - web analytics (4), and - interviews (1). It is clear that those who assess effectiveness use multiple methodologies. 10493/17 GSC/mb 35 DGB 2B EN 2.9 Which is the most effective channel in awareness-raising for a specific audience/stakeholder? 10493/17 GSC/mb 36 DGB 2B EN Audience/Stakeholders PR B/P C/T SM TV/R L/J/A DC General Public 4 5 0 4 13 1 1 Growers/***producers*** 2 0 8 0 1 5 12 Traders (intra-EU) 1 0 7 1 1 5 13 Importers (traders with 3rd countries) 0 0 7 1 1 5 14 Landscapers 2 1 7 4 1 6 7 Customs/postal service officials 1 1 7 1 0 0 18 Travellers 1 18 0 1 2 5 1 Policy makers 4 0 7 0 2 0 15 Park/forest management services 2 2 12 0 0 1 11 NGOs 5 0 7 2 0 2 12 Students 0 1 14 11 0 1 1 scientific networks/entomologists/researchers 1 0 13 1 0 5 8 Response count = 28; PR = press release, B/P = billboards/posters, C/T = conferences/training, SM = social media, TV/R = television/radio, L/J/A = leaflets/journals/articles and DC = direct communication (sms, emails and letters). 10493/17 GSC/mb 37 DGB 2B EN The stacked column graph and the frequency table revealed the following effective channel for: - the general public is ‘TV and Radio’; - ‘growers/***producers***, intra-EU traders and importers (traders with third countries), customs/postal service officials, policy makers and NGOs is direct communication (via sms, emails and letters)’; - ‘travellers’ is ‘Billboards and Posters’; - ‘park/forest management services, students and scientific networks/entomologists/ researchers is ‘Conferences/Training’ ‘Billboards/posters’ and ‘direct communication’ both emerged as the most effective channels when targeting landscapers. In spite of these findings, the respondents argued that a mix of channels would tend to be more effective than one single channel. 10493/17 GSC/mb 38 DGB 2B EN 2.10 Which is the most effective channel in awareness-raising for the following aims? Aims PR B/P C/T SM TV/R L/J/A DC Public support on eradication / control 5 0 2 3 11 1 6 Public cooperation on emerging risks 8 1 0 2 8 6 3 Public awareness on emerging risks (e.g notification of presence of organism by public) 4 3 1 4 6 9 1 Policy-maker's support 6 0 2 0 2 1 17 General awareness of plant health 4 3 2 3 10 5 1 Response count = 28; PR = press release, B/P = billboards/posters, C/T = conferences/training, SM = social media, TV/R = television/radio, L/J/A = leaflets/journals/articles and DC = direct communication (sms, emails and letters). 10493/17 GSC/mb 39 DGB 2B EN On the basis of these responses, one can conclude that the ‘TV and Radio’ is the most effective channel for public support on eradication/control, ‘leaflets/journals/articles’ for public awareness on emerging risks (e.g notification of presence if organism by public), and ‘direct communication (sms, emails and letters)’ for policy maker’s support. The press release and TV/radio both emerged as the most effective channels for public cooperation on emerging risks. 10493/17 GSC/mb 40 DGB 2B EN 3. SECTION C: Views of competent authorities on IYPH 2020 3.1 Which awareness-raising activities in the area of plant health should be carried out during the IYPH 2020? Various activities were mentioned at the national, EU, Regional-EPPO and International level. These include: - Minting of a national 2 Euro coin commemorating the IYPH 2020; - Mobile interactive exhibition to be used by the different Member States; - Preparation of common information material; - Launch the idea of a global expo to be held every 5 years in a different location An exhaustive list is presented in the Appendix. 3.2 Should there be common logo for the IYPH 2020, apart from that of IPPC? The pie chart above reveals that half of the Member States reported that there should not be a common logo. The remaining half think otherwise; 5 (17.9%) suggested EU and 9 (32.1%) suggested a common one for both EU and EPPO. 10493/17 GSC/mb 41 DGB 2B EN 4. SECTION D: Views of competent authorities on Plant Health Awareness 4.1 What do you think are the long-term benefits of awareness-raising activities? The respondents were provided with six statements related to the long-term benefits of awareness-raising activities and were requested to rank them in order of importance (‘1 = most important’ to ‘6 = least important’). A summary of statistical output is provided below. Answer Options 1 2 3 4 5 6 Md MR\* Improve rapid response to an emergency 11 11 5 0 0 1 2 1.93a Increase understanding and co-operation by stakeholders / general public 11 9 5 2 0 1 2 2.07a Enhance stakeholders’ involvement in consultation 3 3 10 6 3 3 3 3.43b Reduction in costs involved for control measures 1 5 6 9 2 5 4 3.75bc Foster policy change 1 0 1 6 12 8 5 4.86c Conservation of biodiversity 1 0 1 5 11 10 5 4.96c Response count = 28; MR = mean rank, Md = median; \* different letters signify statistically significant differences. A Kruskal Wallis H test revealed that the rankings given to the six statements differed significantly from each other with respect to their mean ranks (χ2(5) = 68.51, p <0.01). Wilcoxon Signed Ranks post-hoc tests (significance set at p≤0.003 after applying Bonferroni correction) revealed that two statements, namely “improve rapid response to an emergency” and “increase understanding and co-operation by stakeholders/general public” were ranked significantly higher than the other four statements. These two statements were followed by “enhance stakeholders’ involvement in consultation”, “reduction in costs involved for control measures”, “fostering policy change” and “conservation of bio-diversity”. 10493/17 GSC/mb 42 DGB 2B EN The respondents were also asked to mention other important long-term benefits of awareness-raising activities apart from those provided (if any). They mentioned an increased focus on prevention (2) and a reduction in potential risks in the field of plant health (2). 4.2 Based on your experience, where do you envisage problems or opposition by stakeholders due to lack of awareness during the execution of a contingency ***plan***? The Member States were asked to rank five provided statements in order of importance (‘1 = most important’ to ‘5 = least important’). A summary of statistical output is provided below. Answer Options 1 2 3 4 5 Md MR\* Destruction of asymptomatic plants / trees 13 10 4 1 0 2 1.75a Destruction of non-infected host plants located in infected zone 7 15 2 1 3 2 2.21a Other actions in demarcated areas (e.g no movement of host plants) 1 1 10 12 4 4 3.61b Restriction on trade/imports of commodities 4 0 6 11 7 4 3.61b Access to property 3 2 6 3 14 4 3.82b Response count = 28; MR = mean rank, Md = median; \* different letters signify statistically significant differences A Kruskal Wallis H test revealed that the rankings given to the five statements differed significantly from each other with respect to their mean ranks (χ2(4) = 40.23, p <0.01). Wilcoxon post-hoc tests (significance set at p≤0.005 after applying Bonferroni correction) revealed that two statements, namely “destruction of asymptomatic plants/trees” and “destruction of non-infected host plants located in infected zones” were ranked significantly higher than the other three statements. 10493/17 GSC/mb 43 DGB 2B EN Other aspects that some respondents consider as important and which were not encompassed in the five response options were: taking action on landmark/heritage trees (2), banning the cultivation of susceptible plant species (2) and size determination of demarcated areas (2). 4.3 Are you aware of any initiative for collaboration on awareness-raising activities? If YES, which? The pie chart above shows that 23 (82.1%) of the Member States are aware of collaboration initiatives on awareness-raising. The initiatives mentioned include - The EPPO activities (e.g the ‘Don’t risk it campaign’); - The upcoming IYPH 2020 4.4 Were you involved in awareness-raising activities with other EU Member States? 10493/17 GSC/mb 44 DGB 2B EN The pie chart above reveals that only 4 (14.3%) Member States were involved in awareness-raising with other EU member states. These include: - Co-operation with EUPHRESCO/EPPO panel; - Co-operation during outbreaks concerning neighbouring Member States; - Co-operation between neighbouring Member States on common risks. 4.5 How can the EU Commission contribute to increase co-operation on awareness-raising in the Plant Health area between Member States? The Member States provided various suggestions on how the EU Commission could contribute to increase co-operation on awareness-raising in the plant-health area between the member states. The suggestions provided were grouped into the following six themes: - Common EU communication strategy, facilitating a joint approach for all Member States; - Coordination of awareness-raising activities at EU level. This can be carried out through different fora e.g Commission Standing Committees; - Establishing web platform at EU level and preparation of communication kits on priority pests (e.g video/flyer/posters/educational material) for a harmonised approach; - Better Training for Safer Food (BTSF) courses dedicated to awareness-raising; - Communication among relevant European Commission DGs to increase cooperation with respect to awareness-raising in the plant health area for travellers and trade; - Funding of awareness raising activities, including funding for co-operation activities between Member States. 4.6 Should such co-operation be discussed at the Working Party Level? If YES, which Working party? 10493/17 GSC/mb 45 DGB 2B EN The pie chart above shows that the vast majority (85.7%) of the Member States believe that such co-operation should be discussed at the Working Party Level. Those in favour (24) were asked to specify at which Working Party such cooperation should be discussed. The 20 (excluding 4 ‘don’t know’) respondents provided 22 suggestions which were grouped as follows: - COPHS (16), - SCoPAFF approved by COPHS (1), - Council Working party for Plant Health (2) - Dedicated Commission working party in collaboration with EPPO panel (1), and - Establish a new working group (2) 4.7 Has a survey been carried out in your Member State in order to assess the level of plant health awareness on a national scale? 26 (92.9%) of the 28 Member States did not carry out a survey to assess the level of plant health awareness on a national scale, while two Member States had one ***planned*** for 2017. 10493/17 GSC/mb 46 DGB 2B EN 4.8 Do you agree with the conduction of a common EU-wide survey, as a baseline study, to assess the level of plant health awareness in each Member State? The pie chart above reveals that 25 (89.3%) of the Member States agree with the conduction of a common EU-wide survey, as a baseline study, to assess the level of plant health awareness in each member state. 4.9 Do you think that the Plant Health profile should be raised on a national scale? If ‘YES’, at which level do you need to increase the Plant Health profile on a national scale? All the Member States except one, as indicate by the pie chart above are of the opinion that the Plant Health Profile should be raised on a national scale. 10493/17 GSC/mb 47 DGB 2B EN The 27 Member States that believe that the Plant Health profile should be raised on a national scale were asked to rank five levels (general public, ***producers***/traders/importers, NGOs, political level, technical/academic level) in order of priority (1 = highest priority, 5 = lowest priority). A summary of the responses and statistical output is provided in the table below. Answer Options 1 2 3 4 5 Md MR\* ***Producers*** / Traders / Importers 11 8 6 1 1 2 2.00a General public 10 7 4 2 4 2 2.37a Political level 6 6 5 4 6 3 2.93ab NGOs 0 3 9 7 8 4 3.74b Technical/Academic level 0 3 3 13 8 4 3.96b Response count = 27; MR = mean rank, Md = median; \* different letters signify statistically significant differences A Kruskal Wallis H test revealed that the rankings given to the five levels differed significantly from each other with respect to their mean ranks (χ2(4) = 31.08, p <0.01). Wilcoxon post-hoc tests (significance set at p≤0.005 after applying Bonferroni correction) revealed that two levels, namely “***producers***/traders/importers” and “general public” were ranked significantly higher than “NGOs” and “technical/academic level”, while “political level” was on a par all with the other levels. 4.10 What can be done by the Competent Authorities to increase the Plant Health profile on a national scale? We asked the respondents to provide recommendations to Competent Authorities in their quest to increase the Plant Health Profile on a national scale. The following recommendations were suggested: - definition and implementation of a strategy for plant health awareness (3) - publication of specific plant contingency ***plans*** (1) 10493/17 GSC/mb 48 DGB 2B EN - increase of financial and human resources (1) - dissemination of information through general public and stakeholders (2) - invest in effective plant health awareness campaigns using various channels (8) - being proactive rather than reactive; prevention is better than cure (2) - establish a decentralised network of scientists, technicians etc. (1) - invest in citizen science – the development of tools enabling the citizens to identify pests and to report anything suspicious (1) 4.11 These statements are related to a common EU awareness-raising strategy in the area of Plant Heath. How much do you agree with each of these statements? The respondents were presented with nine statements related to a common EU awareness-strategy in the area of plant health. They were asked to indicate their level of agreement on a five-point Likert rating ranging from 1= strongly disagree to 5=strongly agree. The table below provides the list of statements and a summary of the responses. 10493/17 GSC/mb 49 DGB 2B EN The strategy should … SD D N A SA Md MR a) Include a framework at EU level for individual implementation by Competent Authority at national level 0 1 6 14 7 4 4.50 b) be developed jointly with EPPO 0 0 6 15 7 4 5.00 c) include the creation of an inventory of existing awareness-raising information and materials 0 0 3 19 6 4 5.04 d) include the creation of an expert working group consisting of technical and communication experts to develop, implement and evaluate awareness-raising strategies 0 2 5 14 7 4 4.30 e) identify and prioritise key target groups and determine effective communication channels and messages 0 1 1 14 12 4 5.91 f) include the creation of a toolkit and a platform for the sharing of awareness-raising resources and training materials 0 1 5 11 11 4 5.09 g) include training of communicators in order to enable CA implement national awareness-raising strategies and engage with target groups to raise awareness 0 1 7 13 7 4 4.39 h) including funding to ensure that sufficient resources are available for the strategies in the long-run 0 1 3 11 13 4 5.77 i) lead to the IYPH 2020 0 1 4 15 8 4 5.00 Response count = 28; SD = strongly disagree, D = disagree, N = neither agree nor disagree, A = agree , SA = strongly agree; Md = median, MR = mean rank. 10493/17 GSC/mb 50 DGB 2B EN A Kruskal Wallis H test revealed that the ratings given to the nine statements did not differ significantly from each other with respect to their mean ranks (χ2(8) = 13.76, p = 0.09). Additionally, summary statistics clearly indicate that the Member States agree on average (Md = 4) with all these statements, as illustrated by the stacked column graph below. These findings suggest that all these statements should be considered for inclusion in a common EU awareness-strategy that is being proposed in the area of Plant Health. 4.12 Kindly suggest other elements that may be included in the common EU awareness-raising strategy. We asked the respondents to highlight other elements that may be included in the common EU awareness-raising strategy. The following 10 elements were mentioned: 1. ‘Citizen Science’ activities 2. Develop school ***programmes*** about plant health 3. Assessment of importance of awareness raising in plant health. 4. Joint awareness-raising strategies in relation to priority quarantine pests 5. Awareness-raising campaign is to be implemented directly by EU Commission. 6. Information prepared by EU should be provided in all EU languages 7. Setting up of an EU web-site with easily available information about pests, requirements and what different stakeholders can do. 10493/17 GSC/mb 51 DGB 2B EN 8. Involvement of different stakeholders and entities in information campaign including MPs and EU officers; operators / professional organisations 9. Cooperation and communication with other entities including Customs, international / national environmental protection institutions 10. Include relationship of plant health to biosecurity, environment, Common ***Agricultural*** policy (CAP) and Plant Protection Products (PPPs). 10493/17 GSC/mb 52 DGB 2B EN APPENDIX 3.1 Which awareness-raising activities in the area of plant health should be carried out during the IYPH 2020? Suggest up to three (3) activities and for each state at which level (i.e National, EU, Regional - EPPO, or International). a) At National level: - Awareness-raising activities at educational institutions, particularly kindergarden/primary schools (e.g organization of dedicated lessons / plant health festival at primary schools) - Secondary education ***programmes*** implemented in the frame of the Eurydice policies network. - Open eye campaign - TV/radio ***programmes***/video - Mobile application - Articles in newspapers - Websites - Seminars/training/conferences, targeted for particular interest groups (e.g forestry, gardeners, plant ***producers***, students, general public) - Plant health fairs/exhibitions/festivals/shows - Open doors day in gardens, nurseries, ***agricultural*** schools, etc. with activities on plant health - Activities addressing specific pest issues/greatest threats to particular Member State - Activities to increase awareness at political level - Minting of a national 2 Euro coin commemorating the IYPH 2020 b) At EU level: - Workshop including stakeholders - Raising awareness at political/Ministerial level - Conferences (including at high level) - Travelling interactive exhibition among Member States - Activities involving TV/radio, e.g Commissioning of a TV documentary about risks of pests - Education of plant health for future generations - Press releases 10493/17 GSC/mb 53 DGB 2B EN Relevant Commissionaire and Ministers delivering a statement on the importance of plant health and international plant quarantine instruments. - Activities addressing new pest risks - Activities demonstrating importance of research in plant health area (EUPHRESCO) c) At Regional level (EPPO): - Raising awareness at political / Ministerial level - Conferences (e.g at high level, joint conferences for NPPOs and phytosanitary experts) - Providing documentation service on plant protection - Education of plant health for future generations - Activities addressing potential / new pest risks for EPPO region or certain areas (e.g Mediterranean / Balkan) within EPPO. - Activities demonstrating importance of research in plant health area - Video - Website / internet / social media banners - Preparation of information materials (e.g leaflets, posters, short articles) that could be translated to national languages and be used to support national activities. - Citizen Science projects: getting people involved in plant health d) At International level: - Organisation of international conferences, e.g on plant health and international trade - Information campaign on the work of plant health - TV commercials / Video / the EU film - Websites - IPPC seminars - Workshops for target groups - Education of plant health for future generations - Launch the idea of a global expo to be held every 5 years in a different location - Phytosanitary measures for outbreaks / eradication - Implementation of phytosanitary measures in time – provision for saving the plants for the future.

**Load-Date:** August 8, 2017

**End of Document**



[***FAO chief says building rural communities' resilience is crucial in conflict-ridden Near East***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S9B-DR61-F0YC-N3Y3-00000-00&context=1516831)

Impact News Service

May 10, 2018 Thursday

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**Length:** 717 words

**Body**

Rome: Food and Agricalture Organization has issued the following news release:

Conflict has increased food insecurity in the Near East and to reverse this situation it is crucial to strengthen the resilience of poor, rural communities, including through social protection systems, FAO Director-General José Graziano da Silva said today.

'Even in conflict situations, there is much we can do, to keep local food systems functioning and bring hope to affected populations. We need to keep farmers on their farms ***producing*** food,' Graziano da Silva said at the opening of FAO's Regional Conference for the Near East which is being attended by ministers and other top officials from more than 30 countries.

Graziano da Silva noted that up until 2013, the region was enjoying a period of overall decrease in undernourishment, but that since then food insecurity in the region has increased 15 percent especially due to some countries facing situations of prolonged conflict.

The level of undernourishment in countries facing conflict in the Near East and North Africa region is about 28 percent of their population - six times larger than in non-conflict countries in the region.

Graziano da Silva also noted that in 2016, there were almost 66 million forcibly displaced people in the world with nearly 25 million originating from just five countries facing conflict in the Near East and North Africa region.

FAO's highest priority is to support countries achieve the Sustainable Development Goal Number 2 on ending hunger and all forms of malnutrition, and also promoting sustainable ***agriculture*** development, the Director-General said.

The Conference Chair, Ghazi Zeaiter, Minister for ***Agriculture*** of the Lebanese Republic called for a peaceful solution to the crises in the region. 'One third of the countries in the Near East and North Africa are home to or witness to conflicts'.

To address the damage to infrastructure and economic losses and the problem of displacement and refugees, 'collective and wide-scale actions,' are required, Zeaiter added, noting the disruptions suffered by his own country, Lebanon.

Climate change and water scarcity

While peace remains the main prerequisite for countries in the Near East and North Africa to achieve Zero Hunger, the region also faces other challenges affecting its already limited resources to ***produce*** food.

Fresh water availability in the region is only 10 percent of the world average - a situation that is not likely to improve as climate change impacts accelerate, and rapid urbanization and population growth continue.

FAO support

In this regard, Graziano da Silva cited FAO launching the Regional Water Scarcity Initiative which has been endorsed by the League of Arab States and has been working well as a platform for collaboration and exchange of knowledge.

And as a 'first step for transformative ***strategic*** ***planning*** of scarce water resources' eight countries in the region  are in the process of building strong water accounting systems,' Graziano da Silva said.

He also noted how in the context of climate change, 'it is of utmost importance to promote the adaptation of food systems' and that agroecology has much to offer in this regard, in terms of mitigating greenhouse gases,  as well as safeguarding natural resources and biodiversity.

Other FAO initiatives in the region include Small Scale Farming, which recognizes the importance of creating farm and off-farm employment, as a major source of income in rural areas, Building Resilience for Food Security and Nutrition,  to develop coherent and evidence-based policy and ***programmes*** to meet countries' food security and nutrition demands whilst building resilience and promoting sustainable ***agriculture***.

Graziano da Silva also noted that FAO is assisting countries combat the spread of transboundary animal and pest disease, which has been accelerating due to climate change. These include endemic problems, such as the desert locust, the Red Palm Weevil, Foot-and-Mouth Disease, as well as new challenges such as the Xylella fastidiosa, a bacterium that affects olive trees.

The Director-General stressed the importance of enhancing regional collaboration to address this situation, FAO is working to promote strong coordination, preparedness, early warning, prevention, surveillance and response capacities.

**Load-Date:** May 11, 2018

**End of Document**



[***-Yield10 Bioscience Announces Second Quarter 2017 Financial Results***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P75-6XK1-JD3Y-Y33D-00000-00&context=1516831)

ENP Newswire

August 11, 2017 Friday

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**Length:** 1698 words

**Body**

WOBURN, Mass - Yield10 Bioscience, Inc. (NASDAQ:YTEN) today reported financial results for the three months ended June 30, 2017.

'We made solid progress in the second quarter driving toward the generation of proof points in our research and development ***programs***,' commented Oliver Peoples, Ph.D., President and Chief Executive Officer. 'We announced the start of field tests at sites in Canada in early June for the evaluation of our novel yield trait gene C3003 in Camelina and canola. Harvest of the crops is expected to start in the coming weeks. In addition, our C3003 yield trait has been introduced into soybean through a collaborator and greenhouse studies are currently underway. Progress with these studies keeps us on track to begin reporting out additional yield data on C3003 in oilseed crops starting in the fourth quarter of 2017.'

'Our T3 Platform provides us with a novel approach to discover performance traits and to develop strategies for genome editing for deployment in commercial crops. At the recent Plant Biology 2017 conference, we reported results showing that our C4001 trait ***produces*** significant increases in plant biomass yield and we are making progress deploying this trait in rice. We recently began additional work with the C4000 series of traits for yield improvement and drought tolerance in wheat through a new collaboration. Highlighting our work in genome editing as well as our efforts to establish a robust internal process for obtaining nonregulated status with USDA for new traits, we submitted to USDA-APHIS an 'Am I regulated?' letter for genome-edited Camelina during the second quarter.'

'On the corporate front, we filed four additional patent applications in the first half of the year related to expanding coverage around our inventions including C3003. More recently in July, we shored up our balance sheet raising $ 2.0 million of net proceeds in an offering of common stock and warrants. We look forward to the second half of the year as we continue to generate and report proof points, which we believe will validate the use of our performance traits in ***agriculturally*** important crops,' said Dr. Peoples.

SECOND QUARTER 2017 FINANCIAL OVERVIEW

Yield10 Bioscience is managed with an emphasis on cash flow and deploys its financial resources in a disciplined manner to achieve its key ***strategic*** objectives. The Company ended the second quarter with $ 3.0 million in unrestricted cash and cash equivalents. The Company's net cash used in operating activities during the three months ended June 30, 2017 was $ 1.9 million, which was an increase of $ 0.8 million from the $ 1.1 million used for operating activities during the three months ended June 30, 2016. During the three months ended June 30, 2016, the Company received one-time license and royalty payments totaling $ 3.0 million, significantly offsetting the net cash used during the period.

On July 7, 2017, the Company completed an offering of the Company's securities and raised net proceeds of approximately $ 2.0 million. As a result of acquiring these additional funds, the Company anticipates that its current cash resources will be sufficient to fund operations and meet its obligations, including its restructuring obligations, when due, into the first quarter of 2018.

The Company anticipates that it will use approximately $ 8.0 to $ 8.5 million of cash during 2017, including anticipated payments for restructuring costs. The Company's present capital resources are not sufficient to fund its ***planned*** operations for a twelve month period and, therefore, raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue operations after its current cash resources are exhausted depends on its ability to obtain additional financing, including public or private equity financing, secured or unsecured debt financing, receipt of additional government research grants as well as licensing or other collaborative arrangements.

On May 26, 2017, the Company effected a 1-for-10 reverse stock split of its common stock in order to regain compliance with NASDAQ's $ 1.00 per share minimum market price. The ratio for the reverse stock split was determined by the Company's board of directors following approval by stockholders at the Annual Meeting held on May 24, 2017. All share amounts, per share data and share prices set forth in this release have been adjusted retroactively to reflect this reverse stock split.

Continuing Operations

For the three months ending June 30, 2017, the Company reported a net loss from continuing operations of $ 2.7 million, or $ 0.96 per share, as compared to a net loss from continuing operations of $ 2.5 million, or $ 0.90 per share, for the three months ended June 30, 2016. Total research grant revenue for the three months ended June 30, 2017 was $ 0.3 million, compared to $ 0.2 million recorded for the three months ended June 30, 2016. Research and development expenses and general and administrative expenses from continuing operations were $ 1.1 million and $ 1.9 million, respectively, for the three months ended June 30, 2017 compared to $ 1.5 million and $ 1.1 million, respectively, for the three months ended June 30, 2016.

For the six months ending June 30, 2017, the Company reported a net loss from continuing operations of $ 4.8 million, or $ 1.69 per share, as compared to a net loss from continuing operations of $ 6.0 million, or $ 2.20 per share, for the six months ended June 30, 2016.

Total research grant revenue for the six months ended June 30, 2017 was $ 0.6 million, compared to $ 0.3 million recorded for the six months ended June 30, 2016. Research and development expenses and general and administrative expenses from continuing operations were $ 2.2 million and $ 3.1 million, respectively, for the six months ended June 30, 2017 compared to $ 3.0 million and $ 3.4 million, respectively, for the six months ended June 30, 2016.

Discontinued Operations

In July 2016, the Board of Directors of the Company approved a ***strategic*** restructuring ***plan*** under which Yield10 Bioscience became the Company's core business. As a result of this ***strategic*** shift, the Company completed the sale of its biopolymer assets in September 2016 in a transaction that met the requirements for discontinued operations reporting. The Company's financial statements for the three and six months ended June 30, 2016 have therefore been prepared to reflect the Company's former biopolymer operations as a discontinued operation. Net loss and net loss per share from discontinued operations were $ 0.7 million and $ 0.25, respectively, for the three months ended June 30, 2016 and a $ 3.6 million net loss and a $ 1.32 net loss per share for the six months ended June 30, 2016.

Conference Call Information

Yield10 Bioscience management will host a conference call today at 4:30 p.m. (ET) to discuss second quarter results. The Company also will provide an update on the business and answer questions from the investor community. A live webcast of the call with slides can be accessed through the Company's website at [*www.yield10bio.com*](http://www.yield10bio.com) in the investor relations section. To participate in the call, dial toll-free 877-709-8150 or 201-689-8354 (international).

To listen to a telephonic replay of the conference call, dial toll-free 877-660-6853 or 201-612-7415 (international) and enter pass code 13665015. The replay will be available for 14 days. In addition, the webcast will be archived on the Company's website in the investor relations section.

About Yield10 Bioscience

Yield10 Bioscience, Inc. is focused on developing new technologies to achieve step-change improvements in crop yield to enhance global food security. Yield10 has an extensive track record of innovation based around optimizing the flow of carbon in living systems. Yield10 is leveraging its technology platforms and unique knowledge base to design precise alterations to gene activity and the flow of carbon in plants to ***produce*** higher yields with lower inputs of land, water or fertilizer. Yield10 is advancing several yield traits it has developed in crops such as Camelina, canola, soybean and corn. Yield10 is headquartered in Woburn, MA and has an Oilseeds center of excellence in Saskatoon, Canada.

For more information visit   [*www.yield10bio.com*](http://www.yield10bio.com) (YTEN-E)

Safe Harbor for Forward-Looking Statements

This press release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this release do not constitute guarantees of future performance. Investors are cautioned that statements in this press release which are not strictly historical statements, including, without limitation, expectations regarding Yield10's research and development activities, collaborations, intellectual property and value creation as well as the Company's restructuring costs, cash position, cash forecasts, ability to obtain sufficient financing to continue operating, headcount forecasts, the reproducibility of data from field tests, the translation of yield improvements from Camelina to other crops, the potential to ***produce*** improvements in seed and/or biomass yield, the timing of completion of additional greenhouse and field test studies and receipt of data from those studies, and progress of Yield10 Bioscience, Inc., constitute forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, including the risks and uncertainties detailed in Yield10 Bioscience's filings with the Securities and Exchange Commission. Yield10 Bioscience assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

YIELD10 BIOSCIENCE, INC.: CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS: See full results at:

[*http://ir.yield10bio.com/releasedetail.cfm?ReleaseID=1036992*](http://ir.yield10bio.com/releasedetail.cfm?ReleaseID=1036992)

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** August 11, 2017

**End of Document**



[***Common Sense Agricultural Policy: 'Brexit allows Britain to develop a policy that WORKS'***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P5V-GV11-F021-6015-00000-00&context=1516831)

Express Online

August 5, 2017 Saturday 10:00 AM GMT

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**Length:** 560 words

**Byline:** Will Kirby

**Body**

BREXIT offers the UK an opportunity to reform the country's environmental policy and allow Britain's farming industry to compete at an international level, according to a leading think tank.

GETTY

Leaving the EU offers Britain the opportunity to properly promote UK ***agriculture***

Warwick Lightfoot, the Director of Research at the Policy Exchange think tank, blasted the EU's common ***agricultural*** policy and branded it the "least successful" ***programme*** on the continent.

The think tank claim that outside the EU "the UK will be free to abolish tariffs on food products, which will unlock new trade deals, help developing countries and deliver cheaper food for consumers".

Mr Lightfoot said: "The primary goal of government ***intervention*** in ***agriculture*** should be to support public goods, and to preserve high standards for environmental protection, food safety, and animal welfare.

"But while we are in the EU, 87 per cent of UK farming income comes from subsidies, a perverse and unsustainable state of affairs.

Related articles Farms to offer 'leisure activities' after Brexit BREXIT BOOST: UK can slash the cost of food and improve countryside

"Leaving the European Union allows us to think again about ***agricultural*** policy from first principles.

"The starting point for policy reform must be the consumer. The EU's historic reluctance to open up trade in food products has repeatedly stymied trade deals and led to higher prices for consumers and a distorted farming industry.

"The UK can now lead the world in cutting tariffs and being a champion of free trade in ***agriculture***."

GETTY

The Brexit vote split farmers, with some voting to stay while other wanted to leave

The EU's common ***agricultural*** policy has been repeatedly criticised for reducing productivity by lessening competition and supporting inefficient farmers, which in turn results in soaring costs for consumers.

Meurig Raymond, the head of the National Famers Union , said: "The NFU would also like to see a domestic ***agricultural*** policy that creates a highly productive, dynamic farming sector that can compete on a global scale.

"To compete on a global scale, it is vital for British food production that a new domestic policy does not leave farming at a competitive disadvantage. Governments across the world have policies in place that recognise and support the sector's value. The British food and farming sector is no different.

"It is important a new ***agricultural*** policy is sufficiently resourced and open to all farm businesses. Any transition towards a domestic policy needs to be carefully managed to keep farm businesses sustainable and competitive.

"As Brexit and trade negotiations begin, it is crucial for British farming that any potential trade deals do not serve to allow cheaper food imports which could undermine the high standards that are demanded of British farmers. Failure to protect these standards could risk damaging farming's ability to continue ***producing*** the raw ingredients that feed the nation.

"As an industry worth £109billion and employing 3.8 million people, it is vital that food and farming's ***strategic*** importance is recognised by the Government."

Related articles Brexit BOOM: 'MAJOR opportunity' for food industry after leaving EU EU rules could see cow SLAUGHTERED as it 'didn't have right paperwork' Farmers' union slams WTO rules & says it will be 'shock' to UK trade

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**End of Document**



[***Council of the European Union: COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT A European One Health Action Plan against Antimicrobial Resistance (AMR) ST 11128 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PDW-MHV1-JDG9-Y06G-00000-00&context=1516831)

Impact News Service

August 31, 2017 Thursday

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**Length:** 8852 words

**Body**

Brussels: Council of the European Union has issued the following document:

 11128/17 LES/pm DGB 2C EN Council of the European Union Brussels, 7 July 2017 (OR. en) 11128/17 SAN 293 AGRI 383 VETER 56 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 29 June 2017 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: COM(2017) 339 final Subject: COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT A European One Health Action ***Plan*** against Antimicrobial Resistance (AMR) Delegations will find attached document COM(2017) 339 final. Encl.: COM(2017) 339 final EN EN EUROPEAN COMMISSION Brussels, 29.6.2017 COM(2017) 339 final COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT A European One Health Action ***Plan*** against Antimicrobial Resistance (AMR) {SWD(2017) 240 final} 2 1 THE NEED FOR EU ACTION AGAINST ANTIMICROBIAL RESISTANCE (AMR) 1.1 State of play Since penicillin was first discovered in 1928, life-saving antimicrobials have revolutionised our society and economy. Previously deadly diseases have become routine ailments, requiring little more than a brief treatment. These achievements are now at risk mainly because of the excessive or inappropriate use of antimicrobials, which has led to the increasing emergence and spread of multi-resistant bacteria.

Without effective action to reverse current trends, we could face a return to the pre-antibiotic era, with simple wounds and infections causing significant harm and even death and routine medical procedures becoming very high risk. Antimicrobials: include antibiotics, antivirals, antifungals and antiprotozoals. They are active substances of synthetic or natural origin which kill or inhibit the growth of microorganisms. Used in every-day medicine (e.g urinary tract infections, surgery and care of premature babies), they are vital to preventing and treating infections in humans and animals. Antimicrobial resistance (AMR): is the ability of microorganisms, such as bacteria, to become increasingly resistant to an antimicrobial to which they were previously susceptible. AMR is a consequence of natural selection and genetic mutation. Such mutation is then passed on conferring resistance. This natural selection process is exacerbated by human factors such as inappropriate use of antimicrobials in human and veterinary medicine, poor hygiene conditions and practices in healthcare settings or in the food chain facilitating the transmission of resistant microorganisms. Over time, this makes antimicrobials less effective and ultimately useless. AMR is a serious challenge, in the EU and globally. According to the World Health Organization (WHO)1, AMR has already reached alarming levels in many parts of the world. High levels of AMR in bacteria linked to numerous common infections (e.g urinary tract infections, pneumonia, tuberculosis and gonorrhoea) have been observed in all WHO regions. Resistance to antivirals, such as those used to treat HIV, is also increasing. Global efforts include the 2016 United Nations Political Declaration on AMR2 and the 2015 WHO Global Action ***Plan*** on AMR3, which was subsequently adopted by the World Animal Health Organisation (OIE) and the Food and ***Agriculture*** Organization (FAO). AMR has also been addressed in the G7 and G20 forums. AMR already presents a serious social and economic burden. It is estimated to be responsible for 25,000 deaths per year in the EU alone4 and 700,000 deaths per year globally. Inaction is 1 [*http://www.who.int/entity/drugresistance/documents/surveillancereport/en/index.html*](http://www.who.int/entity/drugresistance/documents/surveillancereport/en/index.html) 2 United Nations, 2016. Political Declaration of the high-level meeting of the General Assembly on antimicrobial resistance. New York, USA. 3 WHA 68.7   [*http://www.wpro.who.int/entity/drug\_resistance/resources/global\_action\_****plan****\_eng.pdf*](http://www.wpro.who.int/entity/drug_resistance/resources/global_action_plan_eng.pdf) 4   [*http://ecdc.europa.eu/en/publications/Publications/0909\_TER\_The\_Bacterial\_Challenge\_Time\_to\_React.pdf*](http://ecdc.europa.eu/en/publications/Publications/0909_TER_The_Bacterial_Challenge_Time_to_React.pdf) 3 projected to cause millions of deaths globally: it has been estimated that AMR might cause more deaths than cancer5 by 2050. Apart from the human suffering caused by that development, AMR also pushes up the cost of treatment and diminishes productivity due to illness. In the EU alone it is estimated that AMR costs EUR 1.5 billion annually in healthcare costs and productivity losses4. The World Bank6 has warned that, by 2050, drug-resistant infections could cause global economic damage on a par with the 2008 financial crisis. AMR also threatens the achievement of several of the United Nations’ sustainable development goals, particularly the targets for good health and well-being7 (goal 3). Effective action against the rise of AMR will mitigate its negative impact on the economy and can therefore be considered a contribution to economic growth, to sustainable healthcare budgets by reducing healthcare costs and to a productive and healthy population. The EU was quick to recognise the importance of tackling AMR, as the 2001 Community strategy against AMR8 shows. This policy was reinforced with the 2011 Commission action plan9, notable for its One Health approach, addressing AMR in both humans and animals. One Health: is a term used to describe a principle which recognises that human and animal health are interconnected, that diseases are transmitted from humans to animals and vice versa and must therefore be tackled in both. The One Health approach also encompasses the environment, another link between humans and animals and likewise a potential source of new resistant microorganisms. This term is globally recognised, having been widely used in the EU and in the 2016 United Nations Political Declaration on AMR. Since 1999, the Commission has invested over EUR 1.3 billion in AMR research, making Europe a leader in this domain. EU achievements include the launch of the New Drugs for Bad Bugs (ND4BB) programme10, the world’s biggest public-private AMR research partnership, forming part of the Innovative Medicines Initiative (IMI)11. The EU has also set up the Joint ***Programming*** Initiative on AMR (JPIAMR)12 which aims to better coordinate and align worldwide AMR research efforts. Despite all this, incidences of infections resistant to multidrug therapies and last-resort treatments13 have significantly increased in the EU14 in recent years. 5   [*https://amr-review.org/sites/default/files/160525\_Final%20paper\_with%20cover.pdf*](https://amr-review.org/sites/default/files/160525_Final%20paper_with%20cover.pdf) 6 World Bank, 2016, ‘Drug-Resistant Infections: A Threat to Our Economic Future’, Washington, DC. 7   [*http://www.un.org/sustainabledevelopment/sustainable-development-goals*](http://www.un.org/sustainabledevelopment/sustainable-development-goals) 8 COM (2001) 333 final 9 COM (2011) 748 10   [*http://www.imi.europa.eu/content/nd4bb*](http://www.imi.europa.eu/content/nd4bb) 11   [*http://www.imi.europa.eu*](http://www.imi.europa.eu) 12   [*http://www.jpiamr.eu*](http://www.jpiamr.eu) 13 Treatments that are tried after all other options have failed to ***produce*** an adequate response in the patient 14   [*http://ecdc.europa.eu/en/publications/Publications/antimicrobial-resistance-europe-2015.pdf*](http://ecdc.europa.eu/en/publications/Publications/antimicrobial-resistance-europe-2015.pdf) 4 The development and spread of AMR in the environment is also a growing concern, requiring further research. A number of scientific studies have identified the potential negative impacts of resistant microorganisms or antimicrobials on the environment. At the same time, the discovery, development, manufacture and marketing of new antimicrobials has significantly slowed down in the past 20 years. Historical data show a low success rate: only 1 out of 16 antibiotics from early-stage research reaches clinical application for patients15. 1.2 Recent developments and way forward In the face of regional and global AMR challenges, the EU stands at the forefront for addressing AMR. However, no single action will, in isolation, provide an adequate solution. Resistant bacteria and infectious diseases do not respect borders. No individual Member State or the EU can tackle the problem on its own. The EU is nevertheless in a strong position to act given its high degree of economic development, and commitment to a high level of human health protection. As requested by the Member States, the Council conclusions of 17 June 201616 call for a new and comprehensive EU action ***plan*** on AMR based on the One Health approach. This new action ***plan*** builds on the 2011 action ***plan***, its evaluation17, the feedback on the roadmap18 and an open public consultation19. The evaluation concluded that the 2011 action ***plan*** had clear EU added value, was a symbol of political commitment, stimulated action within the Member States and strengthened international cooperation. The evaluation also confirmed that the issues addressed in the 2011 ***plan*** are still relevant today. However, initiatives need to be broadened, such as extending the One Health approach to include the environment and tackling AMR more comprehensively on the basis of improved data collection, monitoring and surveillance. Further support and assistance to EU Member States to address differences and foster cooperation, more efficient and coordinated research to improve knowledge and develop solutions, and a continued strong EU voice at global level, were also recommended. The roadmap on a new EU action ***plan*** on AMR received contributions from 22 stakeholders from 24 October 2016 to 28 March 2017. The open public consultation took place between 27 January and 28 April 2017. It consisted of two separate online questionnaires: one for citizens and one for administrations, associations and other organisations. In total 421 responses were received from citizens and 163 from administrations, associations and other organisations. The synopsis report accompanying this Communication provides an overview of the contributions received and how they have been taken into account in defining concrete 15 Payne et al. Drugs for bad bugs: confronting the challenges of antibacterial discovery Nature Reviews Drug Discovery 6, 29-40 (January 2007) 16   [*http://www.consilium.europa.eu/en/press/press-releases/2016/06/17-epsco-conclusions-antimicrobial-resistance*](http://www.consilium.europa.eu/en/press/press-releases/2016/06/17-epsco-conclusions-antimicrobial-resistance) 17 SWD(2016) 347 final 18   [*http://ec.europa.eu/smart-regulation/roadmaps/docs/2016\_sante\_176\_action\_****plan****\_against\_amr\_en.pdf*](http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_sante_176_action_plan_against_amr_en.pdf) 19   [*https://ec.europa.eu/health/amr/consultations/consultation\_20170123\_amr-new-action-****plan****\_en*](https://ec.europa.eu/health/amr/consultations/consultation_20170123_amr-new-action-plan_en) 5 actions. Overall, the replies submitted confirm the strong support for a new One Health action ***plan*** and the importance of a comprehensive approach. This new One Health action ***plan*** against AMR is motivated by the need for the EU to play a leading role in the fight against AMR and to add value to Member States' actions. Its overarching goal is to preserve the possibility of effective treatment of infections in humans and animals. It provides a framework for continued, more extensive action to reduce the emergence and spread of AMR and to increase the development and availability of new effective antimicrobials inside and outside the EU. The key objectives of this new ***plan*** are built on three main pillars: 1. making the EU a best practice region: as the evaluation of the 2011 action ***plan*** highlighted, this will require better evidence, better coordination and surveillance, and better control measures. EU action will focus on key areas and help Member States in establishing, implementing and monitoring their own national One Health action ***plans*** on AMR, which they agreed to develop at the 2015 World Health Assembly20; 2. boosting research, development and innovation by closing current knowledge gaps, providing novel solutions and tools to prevent and treat infectious diseases, and improving diagnosis in order to control the spread of AMR; 3. intensifying EU efforts worldwide to shape the global agenda on AMR and the related risks in an increasingly interconnected world. The new ***plan*** contains concrete actions with EU added value that the Commission will develop and strengthen as appropriate in the coming years. All these actions are important in themselves, but they are also interdependent and need to be implemented in parallel in order to achieve the best outcome. 2 MAKING THE EU A BEST PRACTICE REGION Within the EU, the situation across Member States with regard to AMR varies greatly. This includes patterns of antimicrobial use, occurrence of resistance, and the extent to which effective national policies to deal with AMR have been implemented. In order to tackle this situation, the Commission will concentrate on key areas with the highest added value for Member States, while respecting the limits of EU competence and bearing in mind that Member States remain primarily responsible for the definition of their health policies. The Commission will continue to bring together all relevant EU scientific agencies – notably the European Food Safety Authority (EFSA), the European Medicines Agency (EMA), and 20 World Health Organization, 2015. 68th World Health Assembly: WHA resolution 68.7 Geneva, Switzerland; the commitment to have national AMR action ***plans*** in place before mid-2017 was confirmed in the Council conclusions on the next steps under a One Health approach to combat antimicrobial resistance. 6 the European Centre for Disease Prevention and Control (ECDC) – to jointly take appropriate actions. This will enable Member States to benefit from the most effective support and resources for reducing AMR and preserving the effectiveness of antimicrobials. Agencies’ supportive actions will include infection prevention, biosecurity measures and control practices in human healthcare and in animal husbandry, including aquaculture, in order to reduce infections and thus the need for antimicrobials. EU actions will focus on the areas with the highest added value for Member States, e.g promoting the prudent use of antimicrobials, enhancing cross-sectorial work, improving infection prevention and consolidating surveillance of AMR and antimicrobial consumption. 2.1 Better evidence and awareness of the challenges of AMR Strengthen One Health surveillance and reporting of AMR and antimicrobial use Resistant microorganisms exist in humans, animals, food, and the environment. This makes AMR a complex epidemiological issue. The main cause of AMR is antimicrobial use. A comprehensive, collaborative and coordinated collection and analysis of data from multiple domains, i.e a One Health AMR surveillance system, is therefore essential to understand the magnitude of the problem, identify trends, determine how the use of antimicrobials and AMR are linked, evaluate policies and set priorities. Although in the EU a wide range of surveillance ***programmes*** and activities across different sectors exist, gaps in surveillance remain. A more integrated surveillance system is needed to have a complete picture of the AMR epidemiological situation in the EU and to better identify critical control points. In the animal health area, a new regulatory framework (Animal Health Law21), offers a better basis to develop detailed rules for controlling resistant bacteria. The Commission will: - review EU implementing legislation on monitoring AMR in zoonotic and commensal bacteria in farm animals and food22, to take into account new scientific developments and data collection needs; - review EU implementing legislation on reporting communicable diseases in humans23 to take into account new scientific developments and data collection needs; - identify and assess under the Animal Health Law and with the support of the EFSA, resistant bacteria that cause transmissible animal diseases and, if necessary, develop harmonised rules for their surveillance; 21 Regulation (EU) 2016/429 of the European Parliament and of the Council of 9 March 2016 on transmissible animal diseases and amending and repealing certain acts in the area of animal health (‘Animal Health Law’), OJ L 84, 31.3.2016, p.1 22 Commission Implementing Decision 2013/652/EU of 12 November 2013 on the monitoring and reporting of antimicrobial resistance in zoonotic and commensal bacteria, OJ L 303, 14.11.2013, p. 26. 23 Commission Decision 2002/253/EC of 19 March 2002 laying down case definitions for reporting communicable diseases to the Community network under Decision No 2119/98/EC of the European Parliament and of the Council, OJ L 86, 3.4.2002, p. 44. 7 - improve AMR detection in the human health sector by providing EU support for networking collaboration and reference laboratory activities; - consider options for the harmonised monitoring of AMR in the environment, including through the network of national reference laboratories in the veterinary sector. Benefit from the best evidence-based analysis and data High-quality research, data and analysis are crucial as a basis for new measures against AMR and to help policymakers improve existing measures. Some information is already available to Member States, but additional reliable information needs to be generated. The Commission will: - provide evidence-based data, with the support of the ECDC, the EMA and the EFSA, on possible links between the consumption of antimicrobial agents and the occurrence of antimicrobial resistance in humans and food-***producing*** animals; - define, with the support of the ECDC, the EMA and the EFSA, a limited number of key outcome indicators for AMR and antimicrobial consumption to measure the EU’s and Member States’ progress in the fight against AMR; - develop, with the support of the OECD, a model aimed at helping Member States to assess the economic burden of AMR imposes on people and to estimate the cost-effectiveness of their national policies to reduce it. Increase awareness and understanding Several Eurobarometer surveys on AMR carried out since 201024 show that the level of awareness of the relationship between the use of antimicrobials and the development and spread of AMR is still low. This is a major cause for the inappropriate use of antimicrobials in humans and animals. More must be done to raise awareness and education about AMR. EU-level communication initiatives should support Member States in improving public and professional understanding of AMR, promote prudent use and support more informed clinical decision-making and judicious prescribing. The Commission will: - provide insights into reported public use of and knowledge about antimicrobials through Eurobarometer surveys; - support Member States’ national awareness-raising efforts with specific communication tools targeting key audiences and contribute to the annual European Antibiotic Awareness Day (EAAD). 24 Special Eurobarometer 338 (April 2010), Special Eurobarometer 407 (November 2013) and Special Eurobarometer 445 (June 2016) 8 2.2 Better coordination and implementation of EU rules to tackle AMR Improve the coordination of Member States’ One Health responses to AMR With AMR on the rise in the EU, it is vital to ensure that lessons learnt from successful strategies are made accessible to all Member States. To deal with the cross-border health threat of AMR25, it is crucial to identify and share best practices and policies, so that a lack of action in one region or sector does not undermine progress made in others. To assist with and accelerate this collaboration, in early 2017 the Commission set up an AMR One Health network of government experts from the human health, animal health, and environmental sectors, as well as the EU scientific agencies working in the human and animal health sectors (ECDC, EMA, and EFSA). Within the AMR One Health network, its members work towards facilitating mutual learning, sharing innovative ideas, building consensus, comparing progress made in key areas and, where necessary, accelerating national efforts to tackle AMR. The Commission will: - make available regular information on AMR in the context of the AMR One Health network, which gives an overview of the AMR epidemiological situation at Member State and EU level; - support the implementation of national One Health action ***plans*** against AMR through joint Commission and the ECDC visits to Member States upon request; - launch a joint action26 to support collaborative activities and policy development by Member States to tackle AMR and healthcare-associated infections; - make increased use of the EU Health Security Committee and the Commission Working Group on AMR in the veterinary and food areas to strengthen coordination and to share information; - seek to co-fund and collaborate with the WHO on activities to help EU Member States develop and implement national One Health action ***plans*** against AMR. Better implementation of EU rules In order to deliver long-lasting results and create the necessary impetus, it is important that the EU legislation related to AMR (e.g rules on AMR monitoring in food-***producing*** animals, on use of veterinary medicinal products and medicated feed) is adequately implemented. This implies properly training of Member States’ staff involved in official control activities and keeping them up to date on all aspects of EU legislation related to AMR in order to ensure that controls are carried out uniformly and objectively in all Member States. 25 Decision 1082/2013/EU of the European Parliament and of the Council of 22 October 2013 on serious cross-border threats to health and repealing Decision 2119/98/EC, OJ L 293, 5.11.2013, p.1 26 JA-04-2016 - Antimicrobial resistance and Health Care Associated Infections 9 The Commission will: - assess the effectiveness of the implementation of EU legislation27 on, inter alia, monitoring AMR in food-***producing*** animal populations and food by continuing to carry out regular audits in Member States; - develop training ***programmes*** on AMR for Member State competent authorities under the Better Training for Safer Food (BTSF) initiative and for health professionals through the ECDC and the EU health ***programme***; - advise Member States on the possibility to use the Structural Reform Support Service (SRSS) funding to Member States for designing and implementing policies against AMR. 2.3 Better prevention and control of AMR Strengthen infection prevention and control measures Infection prevention, biosecurity measures and control practices are critical in the control of all infectious microorganisms as they reduce the need for antimicrobials and consequently the opportunity for microorganisms to develop and spread resistance. The availability of new and more coherent surveillance data, research and technologies will inform innovative approaches and improvements in infection prevention and control measures. Other control measures, such as vaccination, could also reduce the occurrence and spread of certain diseases, limiting the need for antimicrobials. In addition, immunisation through vaccination is a cost-effective public health ***intervention*** with proven economic benefits28. The Commission will: - help to address patient safety in hospital environments by supporting good practices in infection prevention and control; - support activities jointly funded by the EU and Member States for infection prevention and control in vulnerable groups, in particular to tackle resistant tuberculosis strains; - promote the uptake of vaccination in humans as a public health measure to prevent infections and subsequent use of antimicrobials; - continue to promote animal husbandry, including aquaculture and livestock farming systems, and feeding regimes which support good animal health and welfare to reduce antimicrobial consumption. 27 Commission Implementing Decision 2013/652/EU of 12 November 2013 on the monitoring and reporting of antimicrobial resistance in zoonotic and commensal bacteria, OJ L 303, 14.11.2013, p. 26. 28   [*http://www.gavi.org/about/value/*](http://www.gavi.org/about/value/) 10 Promote the prudent use of antimicrobials The appropriate and prudent use of antimicrobials is essential to limiting the emergence of AMR in human healthcare and in animal husbandry. Cross-sectorial and coordinated actions to promote the prudent use of antimicrobials in humans and animals are necessary to slow down the development of AMR and preserve the effectiveness of antimicrobials. Such actions, often referred to as ‘antimicrobial stewardship’ actions, are in place in some sectors (e.g EU guidelines for the prudent use of antimicrobials in veterinary medicine29) but are not sufficiently developed for all situations in which antimicrobials are used. The Commission will: - work towards EU implementing and delegated acts under the forthcoming veterinary medicinal products and medicated feed Regulations (once adopted by the European Parliament and the Council)30, including rules on reserving antimicrobials for human use, drawing up a list of antimicrobials that cannot be used off-label, and methods for data gathering and reporting on the sales and use of antimicrobials; - develop EU guidelines for the prudent use of antimicrobials in human medicine; - assist Member States implement EU guidelines for the prudent use of antimicrobials in veterinary medicine, including identifying and disseminating good practices; - encourage the EMA to review all available information on the benefits and risks of older antimicrobial agents and consider whether any changes to their approved uses in the Member States are required. 2.4 Better addressing the role of the environment The environment is increasingly acknowledged as a contributor to the development and spread of AMR in humans and animals, in particular in high risk areas due to human, animal and manufacturing waste streams, but strong evidence is still required to better inform decision-making in this area. Specific actions to improve the knowledge base are considered in section 3. Once relevant monitoring and research data become available, risk assessment methodologies should be developed to evaluate the risks to human and animal health. 29   [*http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015XC0911(01)&from=EN*](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015XC0911(01)&from=EN) 30 COM(2014) 558 final, COM(2014) 556 final 11 The Commission will: - adopt an EU ***strategic*** approach to pharmaceuticals in the environment31; - maximise the use of data from existing monitoring, e.g Watch List monitoring under the Water Framework Directive32, to improve knowledge of the occurrence and spread of antimicrobials in the environment, including by using the Information Platform for Chemical Monitoring (IPCheM) to access relevant monitoring data33; - reinforce the role of the Scientific Committee on Health and Environmental Risks (SCHER) in providing the expertise on environment-related AMR issues. 2.5 A stronger partnership against AMR and better availability of antimicrobials Actions against AMR cannot succeed without the sustained involvement of stakeholders, including industry, civil society, academia, and non-governmental experts but also the European Economic and Social Committee (EESC), throughout policy development and implementation. The Commission takes note of existing commitments and collaborative efforts such as the declaration by the pharmaceutical, biotechnology and diagnostics industries on combating AMR34. It provides a roadmap for further collaboration efforts between industry, governments and non-governmental organisations in the global fight against AMR. In line with this initiative, regular discussions among stakeholders will encourage them to develop and share their strategies against AMR. Cooperation with industry is also crucial to promote the development of other promising alternatives to antimicrobials and to address reduced availability issues, including antimicrobial withdrawals from the market that may lead to antimicrobial shortages and inadequate replacement treatments. It is also crucial to prevent falsified or counterfeit antimicrobial products from entering the supply chain and harming humans or animals. The Commission will: - engage with and support collaboration among key stakeholders in the human health, animal health, food, water and environmental sectors to encourage the responsible use of antimicrobials in the healthcare sector and along the food chain, as well as the appropriate handling of waste material; - work with stakeholders to ensure the availability of human and veterinary antimicrobials and continued access to established products; provide incentives to increase the uptake of diagnostics, antimicrobial alternatives and vaccines; 31 Directive 2013/39/EU of the European Parliament and of the Council of 12 August 2013 amending Directives 2000/60/EC and 2008/105/EC as regards priority substances in the field of water policy, OJ L 226, 24.8.2013, p. 1 32 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, OJ L 327, 22.12.2000, p. 1 33   [*https://ipchem.jrc.ec.europa.eu/RDSIdiscovery/ipchem/index.html*](https://ipchem.jrc.ec.europa.eu/RDSIdiscovery/ipchem/index.html) 34   [*http://www.ifpma.org/partners-2/declaration-by-the-pharmaceutical-biotechnology-and-diagnostics-industries-on-combating-antimicrobial-resistance-amr/*](http://www.ifpma.org/partners-2/declaration-by-the-pharmaceutical-biotechnology-and-diagnostics-industries-on-combating-antimicrobial-resistance-amr/) 12 - reduce the scope for falsified medicines by assisting Member States and stakeholders in the successful implementation of the safety features (unique identifier) that will appear by 2019 on the packaging of medicinal products for human use35; - discuss the availability of veterinary antimicrobials to tackle AMR in the Veterinary Pharmaceutical Committee. 3 BOOSTING RESEARCH, DEVELOPMENT AND INNOVATION ON AMR Research, development (R&D) and innovation can provide novel solutions and tools to prevent and treat infectious diseases, improve diagnosis and control the spread of AMR. This One Health action ***plan*** not only aims to boost research, but also to further incentivise innovation, provide valuable input into science-based policies and legal measures to combat AMR and address knowledge gaps such as the role of AMR in the environment. The proposed AMR research strategy covers the full One Health spectrum, addressing human and animal health as well as the role of the environment. It takes into account the priorities set out in the WHO Global Action ***Plan*** on AMR, the JPIAMR and national action ***plans***. The Commission will work in partnerships with Member States and industry, including small and medium-sized enterprises (SMEs) and the IMI, to tackle AMR in bacteria, viruses, fungi and parasites. Special attention will be given to the WHO priority list of pathogens as well as to tuberculosis, HIV/AIDS, malaria and neglected infectious diseases. Using different funding instruments and partnerships under its current and future framework ***programmes*** for research and innovation, the Commission will focus on the following actions. 3.1 Improve knowledge on detection, effective infection control and surveillance Greater efforts are needed to better understand the epidemiology, emergence, prevalence and burden of infectious diseases, to further investigate how resistance develops and spreads, to improve early detection; and to better understand AMR-related challenges in the European healthcare, animal husbandry and food production sectors. Technology today enables to collect and use data from the healthcare (hospitals, health centres, laboratories, etc.) and agri-food sectors but also from society in general (the internet of Things, social networks, etc.). Combining these data makes it possible to detect disease outbreaks much earlier and helps to understand how infectious diseases are transmitted. The development of IT solutions for such operations has great potential to improve surveillance, prescription practices, self-management of health, care solutions, and awareness of AMR. 35 Commission Delegated Regulation (EU) 2016/161 of 2 October 2015 supplementing Directive 2001/83/EC of the European Parliament and of the Council by laying down detailed rules for the safety features appearing on the packaging of medicinal products for human use, OJ L 32, 9 February 2016, p. 1. 13 The Commission will: - support research into the development and assessment of ***interventions*** that prevent the development and spread of AMR in different settings such as hospitals, communities and animal husbandry; - support research into understanding the epidemiology of AMR, in particular the pathways of transmission between animals and humans, and their impact; - support research into the development of new tools for early (real-time) detection of resistant pathogens in humans and animals, taking account of advances in IT solutions; - support research into new eHealth solutions to improve prescription practices, self-management of health, care solutions, and improve awareness of AMR. 3.2 Develop new therapeutics and alternatives Despite gre

at efforts made in the past years, including through public-private partnerships, there are not enough antimicrobials in the pipeline to meet expected needs. The spread of AMR has also contributed to the declining effectiveness of existing antimicrobials. More research is needed to develop new medicinal products, therapeutics and alternative treatments, as well as innovative anti-infective approaches and products for humans and animals. More research is also needed to advance the repurposing of old antimicrobials, improving their activity and to develop new combination therapies, including those to treat multidrug resistant tuberculosis (MDR-TB). Digital technologies for testing biomedical products and innovation in eHealth should also be scaled up, e.g by supporting innovation procurement36 as well as supporting SMEs. The Commission will: - support research into the development of new antimicrobials and alternative products for humans and animals as well as the repurposing of old antimicrobials or the development of new combination therapies; - support SMEs in their R&D efforts towards innovative and/or alternative therapeutic approaches for the treatment or prevention of bacterial infections, together with the EMA; - facilitate sharing of antimicrobial research data among relevant stakeholders37 to guide future antimicrobial medicinal product discovery and development; - support the establishment of a European-wide sustainable clinical research network, which should speed up clinical studies on medicinal products, lower their costs, and improve coordination of clinical research; 36 [*https://ec.europa.eu/digital-single-market/en/innovation-procurement*](https://ec.europa.eu/digital-single-market/en/innovation-procurement) 37 Such as researchers in academia and industry, regulators, etc. 14 - support research and innovation to promote the use of digital technologies supporting the development of new therapeutics and alternatives. 3.3 Develop new preventive vaccines Vaccines have proven to be crucial and very cost-effective in preventing the onset and spread of infectious diseases. They also have great potential to reduce the incidence of AMR. For example universal coverage by a pneumococcal vaccine could not only save many of the estimated 800,000 children who die each year of pneumonia, it would also reduce by an estimated 47% the use of antimicrobials, counteracting the development of AMR. Vaccines already play an important role in preventing disease in farm animals and aquaculture. This should be boosted even further to decrease the use of antimicrobials in those sectors. The Commission will: - continue to support research into the development of new effective preventive vaccines for humans and animals; - support increasing the knowledge base concerning the barriers that influence the wider use of vaccination in medical and veterinary practice. 3.4 Develop novel diagnostics Novel, rapid and reliable diagnostics are crucial for differentiating between bacterial and viral infections and identifying AMR, so that the most appropriate treatment can be given in a timely manner. By tailoring the treatment to the nature of the infectious pathogen and its resistance pattern, diagnostics help reduce the unnecessary use of antimicrobials in humans and animals. Such novel diagnostics are in the process of entering the market but more tests are needed to guide a more efficient use of existing antimicrobials in the human and animal health sectors. Novel diagnostics will also make it possible to recruit the right patients in clinical trials for new treatments, making the trials more efficient. The Commission will: - support research into the development of new diagnostic tools in particular on-site tests in humans and animals to guide practitioners regarding the use of antimicrobials; - support the use of IT solutions in developing tools for diagnosing human and animal infections; - encourage the uptake of diagnostics in medical and veterinary practice, e.g through innovation procurement. 3.5 Develop new economic models and incentives Developing new antimicrobials or alternative therapies requires significant and long-term investments. In the classic business model, pharmaceutical companies recuperate research and 15 development investments selling large volumes of their medicinal products. However, when any new antimicrobial treatment enters the market and is sold and used in large quantities, resistance can be expected to develop quickly. As the use of new antimicrobials needs to be restricted to minimise the risk of resistance development, the current business model results in a market failure for antimicrobials, and works against efforts to conserve effective antimicrobials. New economic models need to be developed to incentivise antimicrobial discovery and development while reconciling these incentives with responsible use. Similarly, in the diagnostics sector, the development and uptake of novel diagnostics requires new models that take account of the relatively high price of diagnostics compared to the currently low price of antimicrobials. Such models would need to reflect the long-term benefit of these medicinal products and the societal value of limiting the use of antimicrobials while promoting the use of novel diagnostics. This would be in line with the increasing trend of developing new therapies combined with a diagnostic. Health Technology Assessment (HTA) methods to evaluate the added value of such new technologies and economic analysis to understand the costs and benefits of different investments to fight AMR are needed to provide an evidence base for the uptake of ***interventions*** in the healthcare system and services. The involvement of HTA bodies in AMR-related discussions could raise their awareness on AMR when assessing the added value of new antimicrobials and alternatives, diagnostics or a combination thereof. The Commission will: - increase the evidence base for understanding the societal costs and benefits of different strategies for fighting AMR, including understanding factors that influence the uptake of ***interventions*** such as novel diagnostics or preventive measures; - support research into the development of new economic models, exploring and analysing incentives to boost the development of new therapeutics, alternatives, vaccines and diagnostics; - analyse EU regulatory tools and incentives – in particular orphan and paediatric legislation – to use them for novel antimicrobials and innovative alternative medicinal products (e.g vaccines, antibacterial, antifungal, antiviral agents) that currently do not generate sufficient returns on investment; - encourage Member States to explore results and recommendations of EU research projects on new economic business models; - develop new or improved methodological HTA approaches and foster methodological consensus-building. This could benefit the development of combinations of technologies and co-dependent technologies including in the area of AMR. 16 3.6 Close knowledge gaps on AMR in the environment and on how to prevent transmission AMR is a good example of a One Health matter in which human health is connected to that of animals and the environment. Only a multidisciplinary effort can provide an adequate response. There is a major lack of knowledge about the release and spread of resistant organisms in the environment and the threats and risks this poses to human and animal health. For example, the release of antimicrobials into the environment through human, animal and manufacturing waste streams should be assessed and new technologies developed to enable efficient and rapid degradation of antimicrobials in wastewater treatment plants, organic waste streams or the environment. The feasibility and implementation of monitoring ***programmes*** need to be further studied, including the development of harmonised monitoring of antimicrobials and microorganisms resistant against antimicrobials in the environment. Using harmonised monitoring and research data, risk assessment methodologies should be developed to evaluate risks to human and animal health. In the agri-food sector, the links between farming practices, animal health and AMR development and spread need to be further investigated. The Commission will: - support research into knowledge gaps on the release of resistant microorganisms and antimicrobials into the environment and their spread; - explore risk assessment methodologies, with the support of scientific agencies and bodies, and use them to evaluate the risks to human and animal health from the presence of antimicrobials in the environment; - support research into and the development of new tools for monitoring antimicrobials and microorganisms resistant against antimicrobials in the environment; - support the development of technologies that enable efficient and rapid degradation of antimicrobials in wastewater and the environment and reduce the spread of AMR 4 SHAPING THE GLOBAL AGENDA The EU and its Member States are part of an increasingly interconnected world characterised by an intensive exchange of people and commodities where policies implemented in one region can have significant impacts elsewhere. The spread of AMR across borders has been recognised globally and areas for action have been internationally agreed and outlined in the WHO Global Action ***Plan*** on AMR, which serves as the global blue-print for AMR activities and has been endorsed by the OIE and the FAO. The Political Declaration of the United Nations General Assembly of 21 September 2016 committed high-level support to the international implementation of the WHO Global Action ***Plan*** on AMR. 17 The evaluation of the 2011 EU action ***plan*** recognised the positive effects of EU ***interventions*** at global level. Continued effort is necessary and is outlined below. 4.1 A stronger EU global presence Many of the EU’s domestic AMR policies (e.g the ban on using antimicrobials as growth promoters in feed for food-***producing*** animals) are already contributing to the achievement of international objectives against AMR. Nevertheless, it continues to develop and spread across the world. EU involvement and collaboration with multilateral organisations such as the WHO, the OIE, the FAO and international forums should therefore be intensified in order to contribute to regional and global action on AMR, following the One Health approach. The Commission will: - continue to actively contribute to the normative work of the WHO, the OIE, the FAO, and the Codex Alimentarius on the development of ambitious international frameworks and standards/norms/guidelines/methodologies related to AMR; - reinforce technical cooperation with the WHO and its members in key areas of the WHO Global Action ***Plan*** on AMR (e.g the development of monitoring systems under the WHO Global Antimicrobial Resistance Surveillance System (GLASS), awareness-raising, infection prevention and control); - boost support for the International Conference on the Harmonisation of Technical Requirements for the Registration of Pharmaceuticals for Human Use (ICH) and the Veterinary International Conference on the Harmonisation (VICH) on relevant international guidelines/standards/norms related to AMR; - work towards continued high-level political attention and commitment to AMR action, including in the United Nations forums, the G7 and the G20; - look for synergies with the UN ***Strategic*** Approach to International Chemicals Management’s work on the emerging policy issue of pharmaceuticals in the environment;38 - analyse the feasibility of setting up a global AMR clinical studies network in collaboration with G7 members39; - continue and strengthen ongoing collaboration within the Transatlantic Taskforce on Antimicrobial Resistance (TATFAR), which includes the EU, the USA, Canada, and Norway; 38   [*http://www.saicm.org/EmergingPolicyIssues/Pharmaceuticalnbsp;Pollutants/tabid/5477/language/en-US/Default.aspx*](http://www.saicm.org/EmergingPolicyIssues/Pharmaceuticalnbsp;Pollutants/tabid/5477/language/en-US/Default.aspx) 39   [*http://www.mhlw.go.jp/seisakunitsuite/bunya/hokabunya/kokusai/g7kobe/KobeCommunique\_en.pdf*](http://www.mhlw.go.jp/seisakunitsuite/bunya/hokabunya/kokusai/g7kobe/KobeCommunique_en.pdf) 18 - promote international regulatory convergence between the EMA and other regulatory agencies such as the US Food and Drug Administration (FDA) and the Japan Pharmaceuticals and Medical Devices Agency (PMDA) on development ***plans*** for new promising antimicrobials. 4.2 Stronger bilateral partnerships for stronger cooperation The EU has gained valuable expertise and experience in relation to AMR, while some of its trading partners have taken different approaches and chosen different priorities in this regard. There is scope for more collaboration and closer ties with these partners to build consensual activities, share experiences and align approaches, for the benefit of all sides. Candidate countries and potential candidates benefiting from a pre-accession strategy have also made commitments regarding alignment and implementation of EU legislation related to AMR, as have the neighbouring countries to which the European Neighbourhood Policy (ENP) applies or who have an Association Agreement with the EU. The Commission – with the help of EU agencies – will continue to support these countries through visits, best practice exchanges and capacity building. As one of the largest markets for ***agricultural*** products, the EU can play a major role in promoting its AMR-related standards, measures in food production, and standards on animal welfare, e.g through its bilateral Free Trade Agreements (FTAs). The systematic inclusion of AMR-related provisions is now a current practice for the Commission in all new FTAs. Further actions may also be considered to ensure a level playing field between EU ***producers*** and EU trading partners, e.g so that efforts made by EU farmers are not compromised by the non-prudent use of antimicrobials in EU trading partners. This could include linking concessions made to EU trading partners with compliance with specific EU AMR policy objectives. 19 The Commission will: - advocate EU standards and measures for tackling AMR in trade agreements and incorporate them into cooperative arrangements in trade agreements; - engage with major global players and ***strategic*** countries (e.g Brazil, China, India), contributing towards achieving objectives of the WHO Global Action ***Plan*** on AMR by sharing experiences, advocating best practices and thus stimulating actions outside the EU; - support EU candidate countries, potential candidate countries and neighbouring countries to which the ENP applies in the alignment with, and capacity building for the implementation of EU legislation related to AMR and EU standards; - invite the European Parliament, Member States and stakeholders to share views on actions to be taken to ensure that efforts to combat AMR made by EU ***producers***, including farmers, do not place them at a competitive disadvantage. 4.3 Cooperating with developing countries The AMR threat to public health and the social and economic burden it entails is even greater in developing countries. This is due to political, social, epidemiological and economic factors which may vary from those in developed countries. The EU’s development policy can play an important role in raising awareness, sharing experiences and supporting capacity building in developing countries in order for them to be better equipped to control infectious diseases and prevent AMR. This process can be supported through dialogue, aid and cooperation activities, taking account of partner countries’ individual policy priorities to strengthen health systems and implement the sustainable development goals, in particular the third goal on good health and well-being. Particular attention should be given to lower income countries, where support is most needed. The Commission will: - continue to contribute to reducing AMR in least developed countries through infectious disease ***programmes*** such as the Global Alliance for Vaccines and Immunisations (GAVI); - assist in the development of AMR strategies in the areas of food safety and animal health through regional training workshops on AMR organised under the BTSF World initiative; - support partner countries’ policy initiatives on AMR, where appropriate, through international cooperation and development instruments (e.g Global Public Goods & Challenges, the European Development Fund); - support the development of resilient health systems in partner countries, e.g by strengthening the knowledge and evidence base, infection prevention and control and the quality and use of antimicrobials. 20 4.4 Developing a global research agenda A stronger, more interconnected and more globally oriented AMR research environment is needed. There are great benefits to be gained from further coordination between the European research agenda and its global counterparts. Many international initiatives have been launched during the last few years that would benefit from stronger collaboration in order to increase their impact, as expressed by the G739 and G2040 Health Ministers. The Commission will: - improve global coordination of research activities by promoting dialogue and collaboration between international research initiatives; - support the establishment of a virtual research institute under JPIAMR; - continue collaborative research with Sub-Saharan Africa in the context of the European and Developing Countries Clinical Trial Partnership (EDCTP) in particular in relation to tuberculosis, HIV/AIDS, malaria and neglected infectious diseases; - foster international research collaboration on AMR in the animal health sector in the STAR-IDAZ International Research Consortium.41 5 MEASURING SUCCESS To obtain the desired effect, it will be important to closely monitor the effectiveness and performance of certain key actions under this action ***plan*** at regular intervals and to modify them if necessary. The WHO, the OIE, the FAO, and the Codex Alimentarius are setting up systems and developing standards to monitor global effects. The EU systems will measure EU and Member State effects. This can be done by determining a limited number of key outcome indicators, based on data already collected. These indicators will be developed with the support of the EU scientific agencies (see point 2.1) and will enable Member States to assess, in a clear and simple way, the progress made in the implementation of their national One Health action ***plans*** on AMR. The indicators will also help Member States to set measurable goals to reduce infections by key antimicrobial resistant microorganisms in humans and food-***producing*** animals, to improve the appropriateness of the use of antimicrobials in the human and veterinary sectors and to combat AMR in all sectors. This progress will be discussed at regular intervals in the One Health network on AMR, to guide individual Member States and to determine if new actions are needed at EU level. 40   [*https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3\_Downloads/G/G20-Gesundheitsministertreffen/G20\_Health\_Ministers\_Declaration\_engl.pdf*](https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/G/G20-Gesundheitsministertreffen/G20_Health_Ministers_Declaration_engl.pdf) 41   [*http://www.star-idaz.net*](http://www.star-idaz.net)/ 21 6 CONCLUSION This Communication provides a framework for future actions against AMR and aims to make the best possible use of the EU legal framework and policy instruments, focusing on the real added value the EU can bring to the fight against AMR. Most of the actions can be done by adapting and reinforcing existing actions for a more integrated, comprehensive and effective approach to combating AMR. Other actions focus on identified gaps in the EU response so far that requires new activities, the discovery of new knowledge and the creation of new partnerships. The Commission is confident that this new One Health action ***plan*** can make a difference and will improve the EU performance in combatting AMR. The action ***plan*** will strengthen collaboration and surveillance, will reduce data gaps and allow for the sharing of best practices within the EU. It will create more synergies and coherence between different policies according to the One Health approach. The action ***plan*** will thus support the EU and its Member States in delivering innovative, effective and sustainable responses to AMR. The action ***plan*** will also strategically reinforce the research agenda on AMR and actively promote global action. The Commission invites the European Parliament and the Council to endorse this One Health action ***plan*** and calls on Member States and all those involved to ensure that measures to combat AMR are swiftly implemented. Only sustained ambition, continued commitment and concerted action can turn the tide and diminish this global threat.

**Load-Date:** September 7, 2017

**End of Document**



[***Ananda Jayawardane, Vice-Chancellor, University of Moratuwa: Interview***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-72R7-00000-00&context=1516831)

Oxford Business Group: Articles

June 2017

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**Length:** 662 words

**Body**

**Interview: Ananda Jayawardane**

**What can the government do to address the issue of "brain drain" in the higher education sector?**

**ANANDA JAYAWARDANE:** The main reasons for brain drain are better opportunities for those scholars who go abroad for various academic purposes, and the frustrations and challenges they face when working in Sri Lanka. Opportunities abroad include an academically rewarding environment, higher remuneration and better educational chances for children, while domestic frustrations include lack of facilities, resource limitations, lack of academic freedom, and difficulties in educating children in good schools and universities.

Some of these issues depend on the development status of the country, whereas others can be addressed by the government in a more proactive manner. The most effective ***intervention*** by the government would be to increase investment in both schools and universities. This could transform understaffed schools into good schools, enhance access to university education, and provide state-of-the-art facilities and incentives, while strengthening autonomy and accountability.

**How can an integrated ICT academic platform boost future economic prospects for Sri Lankans?**

**JAYAWARDANE:** ICT makes access to education possible at any time and everywhere, meaning that learners do not have to be confined to institute premises.  ICT provides a platform for collaborative education, enabling learners to interact with fellow learners, subject experts, mentors and many other stakeholders, including industry personnel, spread across the world. Access to such resources via e-learning platforms goes beyond institutional boundaries. Blended learning integrates traditional face-to-face education with ICT, making it good for disciplines such as engineering, medicine, ***agriculture***, etc., due to essential practical components for learning. An integrated ICT platform is a tool with vast potential to overcome access limitations and provide fast content and flexible education, which is unfortunately only partially available in Sri Lanka. Embracing an ICT integrated academic platform is necessary in learning environments. They can address higher education challenges and resource constraints, and can boost economic prospects.

**How can the private sector partner with higher education institutions to address skills gaps between academia and the professional world?**

**JAYAWARDANE:**The skills gap is more prominent in the faculties of arts and humanities than in professional degree ***programmes***, as their relevance and quality are regulated by their respective professional bodies. An important first step is to enhance confidence and strengthen relationships between higher education institutions and the private sector.

Higher education institutions should be proactive in establishing such linkages and the private sector should consider themselves partners in ***producing*** employable graduates. The most effective way to bridge the skills gap is first to identify the gap by profiling an employable graduate through necessary graduate attributes, and then to design and deliver courses centred around an outcome-based model, ensuring that average graduates acquire the necessary attributes.

There are many ways that the private sector can support such initiatives. Beginning with effective and regular industry feedback on the skills gaps, the private sector is also expected to contribute through industrial training. Firms could accomplish this by providing visiting lecturers and student mentors; partnering with higher education institutions for facility enhancement; providing endowments; funding staff positions in ***strategic*** areas such as entrepreneurship; facilitating competitions; making industry facilities available for student exposure and in many other ways, most of which are limited only by one's imagination. The private sector's participation in bridging the skills gap is increasing, but there is still room for further improvement.

**Load-Date:** March 12, 2020

**End of Document**



[***-Fortune examines higher production rate in NICO feasibility***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PY6-MYW1-F0K1-N00V-00000-00&context=1516831)

ENP Newswire

November 13, 2017 Monday

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**Length:** 3204 words

**Body**

LONDON - Fortune Minerals Limited (TSX: FT) (OTCQX: FTMDF) ('Fortune' or the 'Company') ([*www.fortuneminerals.com*](http://www.fortuneminerals.com)) is pleased to announce a change in scope for the updated Feasibility Study in progress for its 100% owned NICO Cobalt-Gold-Bismuth-Copper Project in Canada ('NICO Project').

Responding to positive feedback from potential ***strategic*** partners, Fortune is examining the feasibility of a 20 to 30% increase in the ***planned*** NICO production rate over the 4,650 metric tonnes ('t') of ore per day used in the previous 2014 Feasibility Study and ***produce*** between 1,700 and 2,000 t of cobalt units per year in a battery grade cobalt sulphate heptahydrate.

Robin Goad, President and CEO of Fortune commented, 'Transformative electrification of the automotive industry is accelerating as cost parity with internal combustion engines is being reached and as more governments announce future bans on gasoline and diesel-powered vehicles. Forecasts of electric vehicle adoption are increasing with estimates of up to 25% penetration of global vehicle sales by the mid 2020's. Fortune is increasing its ***planned*** cobalt production to in response to the growing cobalt supply chain bottleneck'.

The NICO Project consists of a ***planned*** mine, mill and concentrator in the Northwest Territories and refinery near Saskatoonwhere concentrates will be processed to cobalt sulphate, gold, bismuth, and copper. NICO has already been assessed in a positive Feasibility Study in 2014, which is being updated by Hatch Ltd. ('Hatch'), P&E Mining Consultants Inc. ('P&E') and Micon International Limited ('Micon') using updated costs, commodity price and exchange rate estimates, and recent project improvements, including the examination of the proposed expanded production rate. NICO has received environmental assessment ('EA') approval and the major mine permits for the facilities in the Northwest Territories and EA approval for the refinery in Saskatchewan. NICO is attracting attention from potential partners that need reliable supplies of ethically procured cobalt with preference for a Canadian primary ***producer*** with supply chain transparency and custody control of metal from a vertically integrated project. Fortune has engaged PricewaterhouseCoopers Corporate Finance Inc. ('PwC') to arrange the project financing for the construction and operation of the project through a combination of ***strategic*** partnerships, debt and equity.

Highlights of Items Being Examined in the Updated Feasibility Study: Accelerating demand for lithium-ion batteries in electric vehicles and stationary storage; Examining a response to market demand with a 20 to 30% increase in the ***planned*** production rate and annual cobalt production of between 1,700 and 2,000 t per annum; Mineral Reserves being updated using higher cobalt prices and greater economies of scale from a higher production rate; Mine ***plan*** and schedule optimization to increase cobalt and gold production in early years of the mine life; Grade control and stockpiling strategy to better align bismuth output with market conditions as they evolve within a growing green economy; Additional metallurgical testwork completed to improve process for manganese removal from cobalt sulphate and indicating a potential cobalt recovery improvement; Improved copper cementation process; Design engineering and cost estimation proceeding for expanded production rate; Project Execution ***Plan*** being refined to construct the Northwest Territories facilities using existing winter roads and align mine operations with the timeline for availability of the government road to Whati

Cobalt Market

Cobalt is an essential commodity used in the manufacturing of cathodes in lithium-ion batteries to store energy in portable electronic devices, electric vehicles ('EV's') and stationary cells for the electrical grid. Battery demand has driven cumulative annual growth in the market of approximately 6% over the last 20 years and production of refined cobalt is now approximately 110,000 t per year. Adoption rate forecasts for EV's are accelerating and between 12 and 25% of all vehicles sold by 2025 are projected to be electric according to analysts, major automotive manufacturers and parts suppliers. Exane BNP Paribas has indicated that it anticipates cobalt demand to triple during this period to 300,000 t as the world moves to a less carbon intensive green economy. Current worldwide government policy shifts aimed at reducing greenhouse gas emissions are being imposed to mitigate the impacts of climate change with intensifying policies to increase EV's and renewable energy from wind and solar generation and off-peak charging of the electrical grid. Cobalt is also used in superalloys for aerospace applications, high strength alloys for cutting tools and cemented carbides, permanent magnets, surgical implants, pigments, catalysts, and additives in food and ***agricultural*** products.

As the demand for cobalt grows there are also concerns about limitations on current supply due to geographic concentration of mine and refinery production in countries with political instability and/or policy risks. Ethical sourcing of raw materials has also become an issue that can damage the brands of major automotive, electronics and technology companies from suppliers with poor labour and environmental practices. With 98% of non-artisanal cobalt supply currently ***produced*** as a by-product of copper and nickel mining there are concerns about ***producers*** being able to respond to demand growth when production criteria are focused on the primary metals. The cobalt market has transitioned into deficit and shortages of supply are expected to persist for the foreseeable future with few new deposits in the development stream. The current price of cobalt metal is approximately US$ 30 per pound, well above the US$ 16 per pound used in Fortune's 2014 Feasibility Study and more in line with the US$ 25 per pound, 20-year inflation adjusted average price reported by Commodities Research Unit ('CRU'). New cobalt deposits are required as the market enters its most significant demand pull in history.

The existing NICO Mineral Reserves also contain 1.1 million ounces of gold and approximately 12% of global bismuth reserves. Bismuth is an Eco-metal used in the automotive and pharmaceutical industries and as a non-toxic environmentally safe replacement for lead in solder, steel, brass and aluminum alloys needed in a growing green economy.

Mineral Reserves

The Proven and Probable Mineral Reserves for the NICO deposit were determined for the Company's 2014 Feasibility Study and are 33.1 million t containing 82.3 million pounds of cobalt (37k t), 1.11 million ounces of gold, 102.1 million pounds of bismuth (46k t) and 27.2 million pounds of copper (12k t). The Mineral Reserves were sufficient to support a 21-year mine life at the 4,650 t of ore processed per day in the 2014 Feasibility Study. Several million tonnes of marginally sub-economic mineralized material were also identified in 2014 that would be stockpiled for processing during periods of higher metal prices. Mineralized material was also identified beneath the open pit design, but was insufficient to warrant a push back of the pit high wall and deepening of the pit or the additional development work required to mine it from underground at that time. At today's higher cobalt prices and greater economies of scale through an increased production rate, Fortune expects to be able to apply a mine cut-off net smelter return ('NSR') value that may make some of this higher grade mineralized material economic to process. Accordingly, the Mineral Reserves are being updated by P&E for the updated Feasibility Study.

Mine ***Plan*** and Schedule

The Mine ***Plan*** and Schedule for the updated Feasibility Study will examine the feasibility of a 20 to 30% increase in production rate and economies of scale from a larger mining and processing rate. The Mine Schedule is also being optimized to target cobalt-rich parts of the deposit in earlier years of the mine life to increase revenues, accelerate payback, and maximize cobalt production to address market demand and the needs of potential ***strategic*** partners. The pit design is not expected to change significantly because any additional mill feed will likely be generated from lower grade mineralized material within the pit shell that may become economic in the updated Mineral Reserve statement.

A grade control and stockpiling strategy will also be pursued to schedule ores through the process plant that are better aligned with metal market conditions. Specifically, lower grade ores will be stockpiled to defer processing until later in the mine life and align processing of bismuth-rich ores with market demand as it evolves in a growing green economy focused on environmentally safe metals and its unique physical properties.

Metallurgical Testwork

The processing of NICO ores has already been verified by pilot plant tests validating the flowsheet, metal recoveries and ***producing*** a high quality cobalt sulphate heptahydrate meeting the specifications of lithium ion battery manufacturers. Two metallurgical testwork ***programs*** were recently conducted at SGS Lakefield Research Limited to address gaps identified in the previous 2014 Feasibility Study. This testing indicates that the sequencing for manganese removal prior to cobalt sulphate heptahydrate crystallization can be changed without impacting cobalt recovery, and there is potential for a cobalt recovery improvement, subject to confirmation from METSIM modelling now in progress by Hatch. The results are also providing the information needed for equipment sizing, detailed engineering, and costing. An improved copper cementation flowsheet was also tested and confirmed for the updated Feasibility Study.

All-Season Road

Earlier this year, the Canadian, Northwest Territories and Tlicho governments announced conditional approval of federal funding for 25% of the construction costs for an all-weather road to the community of Whati through the P3 Canada Fund. In September, the Government of the Northwest Territories announced that it had completed the Request for Qualification phase for Private-Public-Partnership ('P3') funding for the remaining 75% cost of the road. Three consortiums of Canadian and International firms were short-listed to participate in the Request for Proposal stage commencing in December and submit bids to design, build, finance, operate and maintain this road and be repaid over time with interest by the Northwest Territories Government. Fortune has already received EA approval to build a 50km spur road from Whati to the mine site and the cost for the construction of this spur was included in the 2014 Feasibility Study. Fortune is now ***planning*** to construct the NICO mine, mill and concentrator from the existing winter ice road in order to align mine operations with the timeline for availability of the government road and mitigate schedule uncertainty.

Feasibility Study Update

The scope of the updated Feasibility Study was initially based on a simple re-statement of economics of the 2014 Feasibility Study based on current costs and updated commodity price and exchange rate estimates. No significant new engineering was required for this scope because the requisite engineering had already been largely completed in the Company's 2012 Front-End Engineering and Design ('FEED') and 2014 Feasibility studies. With the new ***plan*** to examine increasing production by 20 to 30% over the previously contemplated 4,650 t of ore processed per day, additional engineering will now be required to support the economic analysis and ***produce*** engineered designs to support project financing efforts and ***strategic*** partner due-diligence. Although it is expected that the higher production rate will increase capital costs for the development of the NICO Project, sensitivities prepared for the Company to assess the impact of such costs against the economies of scale of a larger project and an optimized mine ***plan*** schedule, indicate that this change may be warranted. The higher cobalt production target is also responding to the feedback received from a number of potential ***strategic*** partners interested in participating in the development. While these scope changes will delay completion of the updated Feasibility Study, they are not anticipated to impact the construction timeline for the project, which will be primarily subject to receipt of Project Financing.

About NICO

NICO is a ***planned*** Canadian, vertically integrated, primary ***producer*** of cobalt with supply chain transparency and uninterrupted custody of metal from ore through to the production of battery chemicals, gold, bismuth and copper. The existing 2014 feasibility study proposes that the NICO deposit will be mined primarily by conventional truck and shovel open pit methods. In the 2014 Feasibility Study, approximately one eighth of the process feed during the first two years of operations was ***planned*** to be mined using underground blast hole open stoping to process higher margin ores from deeper in the deposit in early years of the mine life. Most of the pre-production development for the underground portion of the mine has already been established from previous test mining operations.

Processing of ores in the proposed NICO mill and concentrator will be by simple flotation to ***produce*** a bulk concentrate containing the recoverable metals. The concentrate will be filtered, bagged and trucked to the rail head at Hay River for delivery by train to the Company's ***planned*** refinery straddling the Canadian National Railway near Saskatoon. The refinery will recover metals from the concentrate using a combination of secondary flotation, followed by pressure and atmospheric acid leaching, electro-winning and precipitation of value-add metals and chemicals. Should the proposed 20 to 30% increase in production rate prove feasible, cobalt production would target 1,700 to 2,000 t of units per year in a cobalt sulphate heptahydrate.

The Technical Report on the Feasibility Study referred to above, entitled 'Technical Report on the Feasibility Study for the NICO-Gold-Cobalt-Bismuth-Copper Project, Northwest Territories, Canada', dated April 2, 2014 and prepared by Micon, from which certain information in this press release has been extracted, has been filed on SEDAR and is available under the Company's profile at [*www.sedar.com*](http://www.sedar.com).

About Hatch

Hatch has over six decades of business and technical experience in the mining, energy, and infrastructure sectors. The firm has 9,000 staff with experience in over 150 countries and is well known for the design and construction of mineral beneficiation process plants and supporting infrastructure, including projects in remote and cold climate regions and Arctic regions of Canada.

About P&E

P&E provides geological and mine engineering consulting, Mineral Resource Estimate Technical Reports, Preliminary Economic Assessments and Pre-Feasibility Studies and is affiliated with major Toronto based consulting firms for the purposes of joint venturing on Feasibility Studies. P&E's team has experience in geological interpretation, 3D geologic modeling, Technical Report writing, Mineral Resource and Mineral Reserve Estimates, property evaluations, mine design, production scheduling, operating and capital cost estimates and metallurgical engineering.

About Micon

Micon is a mining consultancy providing independent professional advice to mining companies and their providers of capital, law firms and government agencies worldwide. Micon is staffed by senior mineral industry consultants with extensive international experience in the fields of geology, mining engineering, metallurgy, processing, environmental management, market analysis and mineral economics.

About Fortune Minerals

Fortune is a Canadian mining company focused on developing the vertically integrated NICO cobalt-gold-bismuth-copper project in the Northwest Territories and a related refinery the Company ***plans*** to construct in Saskatchewan. Fortune also owns the Sue-Dianne copper-silver-gold deposit located 25 km north of NICO and a potential future source of incremental mill feed to potentially extend the life of the NICO mill.

This press release contains forward-looking information and forward-looking statements within the meaning of applicable securities legislation. This forward-looking information includes statements with respect to, among other things, the Company's ***plans*** to develop the NICO Project (including the Company's ***plans*** to secure project financing to start construction), the updated feasibility study for the NICO Project, the estimated capital costs for the construction of the NICO Project, estimated future production, anticipated growth in the demand for cobalt, anticipated constraints on the supply of cobalt and ***plans*** for the construction of an all-season road needed for operations at the NICO Project. Forward-looking information is based on the opinions and estimates of management as well as certain assumptions at the date the information is given (including, in respect of the forward-looking information contained in this press release, assumptions regarding the Company's ability to arrange the necessary financing to continue operations and develop the NICO Project, assumptions regarding the results of the updated Feasibility Study, growth in the demand for cobalt, restrictions on the supply of cobalt and the proposed construction of the all-season road, the economic environment in which the Company will operate in the future, including the price of gold, cobalt and other by-product metals, anticipated costs and the volumes of metals to be ***produced*** at the NICO Project). However, such forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the risks that the Company may not be able to finance and develop NICO on favourable terms or at all, the updated Feasibility Study may take longer than anticipated, the results of the updated feasibility study may not be as anticipated, the all-season road may not be built within the anticipated time frame, the market for rechargeable batteries and the use of stationary storage cells may not grow to the extent anticipated, the future supply of cobalt may not be as limited as anticipated, the Company's production of cobalt and other metals may be less than anticipated and other operational and development risks, market risks and regulatory risks. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. The forward-looking information contained herein is made as of the date hereof and the Company assumes no responsibility to update or revise it to reflect new events or circumstances, except as required by law.

Contact:

Tel: 519-858-8188

Email: [*info@fortuneminerals.com*](mailto:info@fortuneminerals.com)

Web:   [*www.fortuneminerals.com*](http://www.fortuneminerals.com)

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**Load-Date:** November 13, 2017

**End of Document**



[***Register of Commission documents:Communication from the Commission to the Council and the European Parliament A European One Health Action Plan against Antimicrobial Resistance (AMR) Document date: 2017-06-29 COM\_COM(2017)0339 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P8C-YRC1-JDG9-Y486-00000-00&context=1516831)

Impact News Service

August 16, 2017 Wednesday

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**Length:** 8747 words

**Body**

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EN EN EUROPEAN COMMISSION Brussels, 29.6.2017 COM(2017) 339 final COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT A European One Health Action ***Plan*** against Antimicrobial Resistance (AMR) {SWD(2017) 240 final} 2 1 THE NEED FOR EU ACTION AGAINST ANTIMICROBIAL RESISTANCE (AMR) 1.1 State of play Since penicillin was first discovered in 1928, life-saving antimicrobials have revolutionised our society and economy. Previously deadly diseases have become routine ailments, requiring little more than a brief treatment. These achievements are now at risk mainly because of the excessive or inappropriate use of antimicrobials, which has led to the increasing emergence and spread of multi-resistant bacteria. Without effective action to reverse current trends, we could face a return to the pre-antibiotic era, with simple wounds and infections causing significant harm and even death and routine medical procedures becoming very high risk. Antimicrobials: include antibiotics, antivirals, antifungals and antiprotozoals.

They are active substances of synthetic or natural origin which kill or inhibit the growth of microorganisms. Used in every-day medicine (e.g urinary tract infections, surgery and care of premature babies), they are vital to preventing and treating infections in humans and animals. Antimicrobial resistance (AMR): is the ability of microorganisms, such as bacteria, to become increasingly resistant to an antimicrobial to which they were previously susceptible. AMR is a consequence of natural selection and genetic mutation. Such mutation is then passed on conferring resistance. This natural selection process is exacerbated by human factors such as inappropriate use of antimicrobials in human and veterinary medicine, poor hygiene conditions and practices in healthcare settings or in the food chain facilitating the transmission of resistant microorganisms. Over time, this makes antimicrobials less effective and ultimately useless. AMR is a serious challenge, in the EU and globally. According to the World Health Organization (WHO)1, AMR has already reached alarming levels in many parts of the world. High levels of AMR in bacteria linked to numerous common infections (e.g urinary tract infections, pneumonia, tuberculosis and gonorrhoea) have been observed in all WHO regions. Resistance to antivirals, such as those used to treat HIV, is also increasing. Global efforts include the 2016 United Nations Political Declaration on AMR2 and the 2015 WHO Global Action ***Plan*** on AMR3, which was subsequently adopted by the World Animal Health Organisation (OIE) and the Food and ***Agriculture*** Organization (FAO). AMR has also been addressed in the G7 and G20 forums. AMR already presents a serious social and economic burden. It is estimated to be responsible for 25,000 deaths per year in the EU alone4 and 700,000 deaths per year globally. Inaction is projected to cause millions of deaths globally: it has been estimated that AMR might cause more deaths than cancer5 by 2050. 1 [*http://www.who.int/entity/drugresistance/documents/surveillancereport/en/index.html*](http://www.who.int/entity/drugresistance/documents/surveillancereport/en/index.html) 2 United Nations, 2016. Political Declaration of the high-level meeting of the General Assembly on antimicrobial resistance. New York, USA. 3 WHA 68.7   [*http://www.wpro.who.int/entity/drug\_resistance/resources/global\_action\_****plan****\_eng.pdf*](http://www.wpro.who.int/entity/drug_resistance/resources/global_action_plan_eng.pdf) 4   [*http://ecdc.europa.eu/en/publications/Publications/0909\_TER\_The\_Bacterial\_Challenge\_Time\_to\_React.pdf*](http://ecdc.europa.eu/en/publications/Publications/0909_TER_The_Bacterial_Challenge_Time_to_React.pdf) 5   [*https://amr-review.org/sites/default/files/160525\_Final%20paper\_with%20cover.pdf*](https://amr-review.org/sites/default/files/160525_Final%20paper_with%20cover.pdf) 3 Apart from the human suffering caused by that development, AMR also pushes up the cost of treatment and diminishes productivity due to illness. In the EU alone it is estimated that AMR costs EUR 1.5 billion annually in healthcare costs and productivity losses4. The World Bank6 has warned that, by 2050, drug-resistant infections could cause global economic damage on a par with the 2008 financial crisis. AMR also threatens the achievement of several of the United Nations’ sustainable development goals, particularly the targets for good health and well-being7 (goal 3). Effective action against the rise of AMR will mitigate its negative impact on the economy and can therefore be considered a contribution to economic growth, to sustainable healthcare budgets by reducing healthcare costs and to a productive and healthy population. The EU was quick to recognise the importance of tackling AMR, as the 2001 Community strategy against AMR8 shows. This policy was reinforced with the 2011 Commission action plan9, notable for its One Health approach, addressing AMR in both humans and animals. One Health: is a term used to describe a principle which recognises that human and animal health are interconnected, that diseases are transmitted from humans to animals and vice versa and must therefore be tackled in both. The One Health approach also encompasses the environment, another link between humans and animals and likewise a potential source of new resistant microorganisms. This term is globally recognised, having been widely used in the EU and in the 2016 United Nations Political Declaration on AMR. Since 1999, the Commission has invested over EUR 1.3 billion in AMR research, making Europe a leader in this domain. EU achievements include the launch of the New Drugs for Bad Bugs (ND4BB) programme10, the world’s biggest public-private AMR research partnership, forming part of the Innovative Medicines Initiative (IMI)11. The EU has also set up the Joint ***Programming*** Initiative on AMR (JPIAMR)12 which aims to better coordinate and align worldwide AMR research efforts. Despite all this, incidences of infections resistant to multidrug therapies and last-resort treatments13 have significantly increased in the EU14 in recent years. The development and spread of AMR in the environment is also a growing concern, requiring further research. A number of scientific studies have identified the potential negative impacts of resistant microorganisms or antimicrobials on the environment. 6 World Bank, 2016, ‘Drug-Resistant Infections: A Threat to Our Economic Future’, Washington, DC. 7   [*http://www.un.org/sustainabledevelopment/sustainable-development-goals*](http://www.un.org/sustainabledevelopment/sustainable-development-goals) 8 COM (2001) 333 final 9 COM (2011) 748 10   [*http://www.imi.europa.eu/content/nd4bb*](http://www.imi.europa.eu/content/nd4bb) 11   [*http://www.imi.europa.eu*](http://www.imi.europa.eu) 12   [*http://www.jpiamr.eu*](http://www.jpiamr.eu) 13 Treatments that are tried after all other options have failed to ***produce*** an adequate response in the patient 14   [*http://ecdc.europa.eu/en/publications/Publications/antimicrobial-resistance-europe-2015.pdf*](http://ecdc.europa.eu/en/publications/Publications/antimicrobial-resistance-europe-2015.pdf) 4 At the same time, the discovery, development, manufacture and marketing of new antimicrobials has significantly slowed down in the past 20 years. Historical data show a low success rate: only 1 out of 16 antibiotics from early-stage research reaches clinical application for patients15. 1.2 Recent developments and way forward In the face of regional and global AMR challenges, the EU stands at the forefront for addressing AMR. However, no single action will, in isolation, provide an adequate solution. Resistant bacteria and infectious diseases do not respect borders. No individual Member State or the EU can tackle the problem on its own. The EU is nevertheless in a strong position to act given its high degree of economic development, and commitment to a high level of human health protection. As requested by the Member States, the Council conclusions of 17 June 201616 call for a new and comprehensive EU action ***plan*** on AMR based on the One Health approach. This new action ***plan*** builds on the 2011 action ***plan***, its evaluation17, the feedback on the roadmap18 and an open public consultation19. The evaluation concluded that the 2011 action ***plan*** had clear EU added value, was a symbol of political commitment, stimulated action within the Member States and strengthened international cooperation. The evaluation also confirmed that the issues addressed in the 2011 ***plan*** are still relevant today. However, initiatives need to be broadened, such as extending the One Health approach to include the environment and tackling AMR more comprehensively on the basis of improved data collection, monitoring and surveillance. Further support and assistance to EU Member States to address differences and foster cooperation, more efficient and coordinated research to improve knowledge and develop solutions, and a continued strong EU voice at global level, were also recommended. The roadmap on a new EU action ***plan*** on AMR received contributions from 22 stakeholders from 24 October 2016 to 28 March 2017. The open public consultation took place between 27 January and 28 April 2017. It consisted of two separate online questionnaires: one for citizens and one for administrations, associations and other organisations. In total 421 responses were received from citizens and 163 from administrations, associations and other organisations. The synopsis report accompanying this Communication provides an overview of the contributions received and how they have been taken into account in defining concrete actions. Overall, the replies submitted confirm the strong support for a new One Health action ***plan*** and the importance of a comprehensive approach. This new One Health action ***plan*** against AMR is motivated by the need for the EU to play a leading role in the fight against AMR and to add value to Member States' actions. Its 15 Payne et al. Drugs for bad bugs: confronting the challenges of antibacterial discovery Nature Reviews Drug Discovery 6, 29-40 (January 2007) 16   [*http://www.consilium.europa.eu/en/press/press-releases/2016/06/17-epsco-conclusions-antimicrobial-resistance*](http://www.consilium.europa.eu/en/press/press-releases/2016/06/17-epsco-conclusions-antimicrobial-resistance) 17 SWD(2016) 347 final 18   [*http://ec.europa.eu/smart-regulation/roadmaps/docs/2016\_sante\_176\_action\_****plan****\_against\_amr\_en.pdf*](http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_sante_176_action_plan_against_amr_en.pdf) 19   [*https://ec.europa.eu/health/amr/consultations/consultation\_20170123\_amr-new-action-****plan****\_en*](https://ec.europa.eu/health/amr/consultations/consultation_20170123_amr-new-action-plan_en) 5 overarching goal is to preserve the possibility of effective treatment of infections in humans and animals. It provides a framework for continued, more extensive action to reduce the emergence and spread of AMR and to increase the development and availability of new effective antimicrobials inside and outside the EU. The key objectives of this new ***plan*** are built on three main pillars: 1. making the EU a best practice region: as the evaluation of the 2011 action ***plan*** highlighted, this will require better evidence, better coordination and surveillance, and better control measures. EU action will focus on key areas and help Member States in establishing, implementing and monitoring their own national One Health action ***plans*** on AMR, which they agreed to develop at the 2015 World Health Assembly20; 2. boosting research, development and innovation by closing current knowledge gaps, providing novel solutions and tools to prevent and treat infectious diseases, and improving diagnosis in order to control the spread of AMR; 3. intensifying EU efforts worldwide to shape the global agenda on AMR and the related risks in an increasingly interconnected world. The new ***plan*** contains concrete actions with EU added value that the Commission will develop and strengthen as appropriate in the coming years. All these actions are important in themselves, but they are also interdependent and need to be implemented in parallel in order to achieve the best outcome. 2 MAKING THE EU A BEST PRACTICE REGION Within the EU, the situation across Member States with regard to AMR varies greatly. This includes patterns of antimicrobial use, occurrence of resistance, and the extent to which effective national policies to deal with AMR have been implemented. In order to tackle this situation, the Commission will concentrate on key areas with the highest added value for Member States, while respecting the limits of EU competence and bearing in mind that Member States remain primarily responsible for the definition of their health policies. The Commission will continue to bring together all relevant EU scientific agencies – notably the European Food Safety Authority (EFSA), the European Medicines Agency (EMA), and the European Centre for Disease Prevention and Control (ECDC) – to jointly take appropriate actions. This will enable Member States to benefit from the most effective support and resources for reducing AMR and preserving the effectiveness of antimicrobials. Agencies’ supportive actions will include infection prevention, biosecurity measures and control practices in human healthcare and in animal husbandry, including aquaculture, in order to reduce infections and thus the need for antimicrobials. 20 World Health Organization, 2015. 68th World Health Assembly: WHA resolution 68.7 Geneva, Switzerland; the commitment to have national AMR action ***plans*** in place before mid-2017 was confirmed in the Council conclusions on the next steps under a One Health approach to combat antimicrobial resistance. 6 EU actions will focus on the areas with the highest added value for Member States, e.g promoting the prudent use of antimicrobials, enhancing cross-sectorial work, improving infection prevention and consolidating surveillance of AMR and antimicrobial consumption. 2.1 Better evidence and awareness of the challenges of AMR Strengthen One Health surveillance and reporting of AMR and antimicrobial use Resistant microorganisms exist in humans, animals, food, and the environment. This makes AMR a complex epidemiological issue. The main cause of AMR is antimicrobial use. A comprehensive, collaborative and coordinated collection and analysis of data from multiple domains, i.e a One Health AMR surveillance system, is therefore essential to understand the magnitude of the problem, identify trends, determine how the use of antimicrobials and AMR are linked, evaluate policies and set priorities. Although in the EU a wide range of surveillance ***programmes*** and activities across different sectors exist, gaps in surveillance remain. A more integrated surveillance system is needed to have a complete picture of the AMR epidemiological situation in the EU and to better identify critical control points. In the animal health area, a new regulatory framework (Animal Health Law21), offers a better basis to develop detailed rules for controlling resistant bacteria. The Commission will: - review EU implementing legislation on monitoring AMR in zoonotic and commensal bacteria in farm animals and food22, to take into account new scientific developments and data collection needs; - review EU implementing legislation on reporting communicable diseases in humans23 to take into account new scientific developments and data collection needs; - identify and assess under the Animal Health Law and with the support of the EFSA, resistant bacteria that cause transmissible animal diseases and, if necessary, develop harmonised rules for their surveillance; - improve AMR detection in the human health sector by providing EU support for networking collaboration and reference laboratory activities; - consider options for the harmonised monitoring of AMR in the environment, including through the network of national reference laboratories in the veterinary sector. 21 Regulation (EU) 2016/429 of the European Parliament and of the Council of 9 March 2016 on transmissible animal diseases and amending and repealing certain acts in the area of animal health (‘Animal Health Law’), OJ L 84, 31.3.2016, p.1 22 Commission Implementing Decision 2013/652/EU of 12 November 2013 on the monitoring and reporting of antimicrobial resistance in zoonotic and commensal bacteria, OJ L 303, 14.11.2013, p. 26. 23 Commission Decision 2002/253/EC of 19 March 2002 laying down case definitions for reporting communicable diseases to the Community network under Decision No 2119/98/EC of the European Parliament and of the Council, OJ L 86, 3.4.2002, p. 44. 7 Benefit from the best evidence-based analysis and data High-quality research, data and analysis are crucial as a basis for new measures against AMR and to help policymakers improve existing measures. Some information is already available to Member States, but additional reliable information needs to be generated. The Commission will: - provide evidence-based data, with the support of the ECDC, the EMA and the EFSA, on possible links between the consumption of antimicrobial agents and the occurrence of antimicrobial resistance in humans and food-***producing*** animals; - define, with the support of the ECDC, the EMA and the EFSA, a limited number of key outcome indicators for AMR and antimicrobial consumption to measure the EU’s and Member States’ progress in the fight against AMR; - develop, with the support of the OECD, a model aimed at helping Member States to assess the economic burden of AMR imposes on people and to estimate the cost-effectiveness of their national policies to reduce it. Increase awareness and understanding Several Eurobarometer surveys on AMR carried out since 201024 show that the level of awareness of the relationship between the use of antimicrobials and the development and spread of AMR is still low. This is a major cause for the inappropriate use of antimicrobials in humans and animals. More must be done to raise awareness and education about AMR. EU-level communication initiatives should support Member States in improving public and professional understanding of AMR, promote prudent use and support more informed clinical decision-making and judicious prescribing. The Commission will: - provide insights into reported public use of and knowledge about antimicrobials through Eurobarometer surveys; - support Member States’ national awareness-raising efforts with specific communication tools targeting key audiences and contribute to the annual European Antibiotic Awareness Day (EAAD). 24 Special Eurobarometer 338 (April 2010), Special Eurobarometer 407 (November 2013) and Special Eurobarometer 445 (June 2016) 8 2.2 Better coordination and implementation of EU rules to tackle AMR Improve the coordination of Member States’ One Health responses to AMR With AMR on the rise in the EU, it is vital to ensure that lessons learnt from successful strategies are made accessible to all Member States. To deal with the cross-border health threat of AMR25, it is crucial to identify and share best practices and policies, so that a lack of action in one region or sector does not undermine progress made in others. To assist with and accelerate this collaboration, in early 2017 the Commission set up an AMR One Health network of government experts from the human health, animal health, and environmental sectors, as well as the EU scientific agencies working in the human and animal health sectors (ECDC, EMA, and EFSA). Within the AMR One Health network, its members work towards facilitating mutual learning, sharing innovative ideas, building consensus, comparing progress made in key areas and, where necessary, accelerating national efforts to tackle AMR. The Commission will: - make available regular information on AMR in the context of the AMR One Health network, which gives an overview of the AMR epidemiological situation at Member State and EU level; - support the implementation of national One Health action ***plans*** against AMR through joint Commission and the ECDC visits to Member States upon request; - launch a joint action26 to support collaborative activities and policy development by Member States to tackle AMR and healthcare-associated infections; - make increased use of the EU Health Security Committee and the Commission Working Group on AMR in the veterinary and food areas to strengthen coordination and to share information; - seek to co-fund and collaborate with the WHO on activities to help EU Member States develop and implement national One Health action ***plans*** against AMR. Better implementation of EU rules In order to deliver long-lasting results and create the necessary impetus, it is important that the EU legislation related to AMR (e.g rules on AMR monitoring in food-***producing*** animals, on use of veterinary medicinal products and medicated feed) is adequately implemented. This implies properly training of Member States’ staff involved in official control activities and keeping them up to date on all aspects of EU legislation related to AMR in order to ensure that controls are carried out uniformly and objectively in all Member States. 25 Decision 1082/2013/EU of the European Parliament and of the Council of 22 October 2013 on serious cross-border threats to health and repealing Decision 2119/98/EC, OJ L 293, 5.11.2013, p.1 26 JA-04-2016 - Antimicrobial resistance and Health Care Associated Infections 9 The Commission will: - assess the effectiveness of the implementation of EU legislation27 on, inter alia, monitoring AMR in food-***producing*** animal populations and food by continuing to carry out regular audits in Member States; - develop training ***programmes*** on AMR for Member State competent authorities under the Better Training for Safer Food (BTSF) initiative and for health professionals through the ECDC and the EU health ***programme***; - advise Member States on the possibility to use the Structural Reform Support Service (SRSS) funding to Member States for designing and implementing policies against AMR. 2.3 Better prevention and control of AMR Strengthen infection prevention and control measures Infection prevention, biosecurity measures and control practices are critical in the control of all infectious microorganisms as they reduce the need for antimicrobials and consequently the opportunity for microorganisms to develop and spread resistance. The availability of new and more coherent surveillance data, research and technologies will inform innovative approaches and improvements in infection prevention and control measures. Other control measures, such as vaccination, could also reduce the occurrence and spread of certain diseases, limiting the need for antimicrobials. In addition, immunisation through vaccination is a cost-effective public health ***intervention*** with proven economic benefits28. The Commission will: - help to address patient safety in hospital environments by supporting good practices in infection prevention and control; - support activities jointly funded by the EU and Member States for infection prevention and control in vulnerable groups, in particular to tackle resistant tuberculosis strains; - promote the uptake of vaccination in humans as a public health measure to prevent infections and subsequent use of antimicrobials; - continue to promote animal husbandry, including aquaculture and livestock farming systems, and feeding regimes which support good animal health and welfare to reduce antimicrobial consumption. 27 Commission Implementing Decision 2013/652/EU of 12 November 2013 on the monitoring and reporting of antimicrobial resistance in zoonotic and commensal bacteria, OJ L 303, 14.11.2013, p. 26. 28   [*http://www.gavi.org/about/value/*](http://www.gavi.org/about/value/) 10 Promote the prudent use of antimicrobials The appropriate and prudent use of antimicrobials is essential to limiting the emergence of AMR in human healthcare and in animal husbandry. Cross-sectorial and coordinated actions to promote the prudent use of antimicrobials in humans and animals are necessary to slow down the development of AMR and preserve the effectiveness of antimicrobials. Such actions, often referred to as ‘antimicrobial stewardship’ actions, are in place in some sectors (e.g EU guidelines for the prudent use of antimicrobials in veterinary medicine29) but are not sufficiently developed for all situations in which antimicrobials are used. The Commission will: - work towards EU implementing and delegated acts under the forthcoming veterinary medicinal products and medicated feed Regulations (once adopted by the European Parliament and the Council)30, including rules on reserving antimicrobials for human use, drawing up a list of antimicrobials that cannot be used off-label, and methods for data gathering and reporting on the sales and use of antimicrobials; - develop EU guidelines for the prudent use of antimicrobials in human medicine; - assist Member States implement EU guidelines for the prudent use of antimicrobials in veterinary medicine, including identifying and disseminating good practices; - encourage the EMA to review all available information on the benefits and risks of older antimicrobial agents and consider whether any changes to their approved uses in the Member States are required. 2.4 Better addressing the role of the environment The environment is increasingly acknowledged as a contributor to the development and spread of AMR in humans and animals, in particular in high risk areas due to human, animal and manufacturing waste streams, but strong evidence is still required to better inform decision-making in this area. Specific actions to improve the knowledge base are considered in section 3. Once relevant monitoring and research data become available, risk assessment methodologies should be developed to evaluate the risks to human and animal health. 29   [*http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015XC0911(01)&from=EN*](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015XC0911(01)&from=EN) 30 COM(2014) 558 final, COM(2014) 556 final 11 The Commission will: - adopt an EU ***strategic*** approach to pharmaceuticals in the environment31; - maximise the use of data from existing monitoring, e.g Watch List monitoring under the Water Framework Directive32, to improve knowledge of the occurrence and spread of antimicrobials in the environment, including by using the Information Platform for Chemical Monitoring (IPCheM) to access relevant monitoring data33; - reinforce the role of the Scientific Committee on Health and Environmental Risks (SCHER) in providing the expertise on environment-related AMR issues. 2.5 A stronger partnership against AMR and better availability of antimicrobials Actions against AMR cannot succeed without the sustained involvement of stakeholders, including industry, civil society, academia, and non-governmental experts but also the European Economic and Social Committee (EESC), throughout policy development and implementation. The Commission takes note of existing commitments and collaborative efforts such as the declaration by the pharmaceutical, biotechnology and diagnostics industries on combating AMR34. It provides a roadmap for further collaboration efforts between industry, governments and non-governmental organisations in the global fight against AMR. In line with this initiative, regular discussions among stakeholders will encourage them to develop and share their strategies against AMR. Cooperation with industry is also crucial to promote the development of other promising alternatives to antimicrobials and to address reduced availability issues, including antimicrobial withdrawals from the market that may lead to antimicrobial shortages and inadequate replacement treatments. It is also crucial to prevent falsified or counterfeit antimicrobial products from entering the supply chain and harming humans or animals. The Commission will: - engage with and support collaboration among key stakeholders in the human health, animal health, food, water and environmental sectors to encourage the responsible use of antimicrobials in the healthcare sector and along the food chain, as well as the appropriate handling of waste material; - work with stakeholders to ensure the availability of human and veterinary antimicrobials and continued access to established products; provide incentives to increase the uptake of diagnostics, antimicrobial alternatives and vaccines; 31 Directive 2013/39/EU of the European Parliament and of the Council of 12 August 2013 amending Directives 2000/60/EC and 2008/105/EC as regards priority substances in the field of water policy, OJ L 226, 24.8.2013, p. 1 32 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, OJ L 327, 22.12.2000, p. 1 33   [*https://ipchem.jrc.ec.europa.eu/RDSIdiscovery/ipchem/index.html*](https://ipchem.jrc.ec.europa.eu/RDSIdiscovery/ipchem/index.html) 34   [*http://www.ifpma.org/partners-2/declaration-by-the-pharmaceutical-biotechnology-and-diagnostics-industries-on-combating-antimicrobial-resistance-amr/*](http://www.ifpma.org/partners-2/declaration-by-the-pharmaceutical-biotechnology-and-diagnostics-industries-on-combating-antimicrobial-resistance-amr/) 12 - reduce the scope for falsified medicines by assisting Member States and stakeholders in the successful implementation of the safety features (unique identifier) that will appear by 2019 on the packaging of medicinal products for human use35; - discuss the availability of veterinary antimicrobials to tackle AMR in the Veterinary Pharmaceutical Committee. 3 BOOSTING RESEARCH, DEVELOPMENT AND INNOVATION ON AMR Research, development (R&D) and innovation can provide novel solutions and tools to prevent and treat infectious diseases, improve diagnosis and control the spread of AMR. This One Health action ***plan*** not only aims to boost research, but also to further incentivise innovation, provide valuable input into science-based policies and legal measures to combat AMR and address knowledge gaps such as the role of AMR in the environment. The proposed AMR research strategy covers the full One Health spectrum, addressing human and animal health as well as the role of the environment. It takes into account the priorities set out in the WHO Global Action ***Plan*** on AMR, the JPIAMR and national action ***plans***. The Commission will work in partnerships with Member States and industry, including small and medium-sized enterprises (SMEs) and the IMI, to tackle AMR in bacteria, viruses, fungi and parasites. Special attention will be given to the WHO priority list of pathogens as well as to tuberculosis, HIV/AIDS, malaria and neglected infectious diseases. Using different funding instruments and partnerships under its current and future framework ***programmes*** for research and innovation, the Commission will focus on the following actions. 3.1 Improve knowledge on detection, effective infection control and surveillance Greater efforts are needed to better understand the epidemiology, emergence, prevalence and burden of infectious diseases, to further investigate how resistance develops and spreads, to improve early detection; and to better understand AMR-related challenges in the European healthcare, animal husbandry and food production sectors. Technology today enables to collect and use data from the healthcare (hospitals, health centres, laboratories, etc.) and agri-food sectors but also from society in general (the internet of Things, social networks, etc.). Combining these data makes it possible to detect disease outbreaks much earlier and helps to understand how infectious diseases are transmitted. The development of IT solutions for such operations has great potential to improve surveillance, prescription practices, self-management of health, care solutions, and awareness of AMR. 35 Commission Delegated Regulation (EU) 2016/161 of 2 October 2015 supplementing Directive 2001/83/EC of the European Parliament and of the Council by laying down detailed rules for the safety features appearing on the packaging of medicinal products for human use, OJ L 32, 9 February 2016, p. 1. 13 The Commission will: - support research into the development and assessment of ***interventions*** that prevent the development and spread of AMR in different settings such as hospitals, communities and animal husbandry; - support research into understanding the epidemiology of AMR, in particular the pathways of transmission between animals and humans, and their impact; - support research into the development of new tools for early (real-time) detection of resistant pathogens in humans and animals, taking account of advances in IT solutions; - support research into new eHealth solutions to improve prescription practices, self-management of health, care solutions, and improve awareness of AMR. 3.2 Develop new therapeutics and alternatives Despite great efforts made in the past years, including through public-private partnerships, there are not enough antimicrobials in the pipeline to meet expected needs. The spread of AMR has also contributed to the declining effectiveness of existing antimicrobials. More research is needed to develop new medicinal products, therapeutics and alternative treatments, as well as innovative anti-infective approaches and products for humans and animals. More research is also needed to advance the repurposing of old antimicrobials, improving their activity and to develop new combination therapies, including those to treat multidrug resistant tub

erculosis (MDR-TB). Digital technologies for testing biomedical products and innovation in eHealth should also be scaled up, e.g by supporting innovation procurement36 as well as supporting SMEs. The Commission will: - support research into the development of new antimicrobials and alternative products for humans and animals as well as the repurposing of old antimicrobials or the development of new combination therapies; - support SMEs in their R&D efforts towards innovative and/or alternative therapeutic approaches for the treatment or prevention of bacterial infections, together with the EMA; - facilitate sharing of antimicrobial research data among relevant stakeholders37 to guide future antimicrobial medicinal product discovery and development; - support the establishment of a European-wide sustainable clinical research network, which should speed up clinical studies on medicinal products, lower their costs, and improve coordination of clinical research; - support research and innovation to promote the use of digital technologies supporting the development of new therapeutics and alternatives. 36 [*https://ec.europa.eu/digital-single-market/en/innovation-procurement*](https://ec.europa.eu/digital-single-market/en/innovation-procurement) 37 Such as researchers in academia and industry, regulators, etc. 14 3.3 Develop new preventive vaccines Vaccines have proven to be crucial and very cost-effective in preventing the onset and spread of infectious diseases. They also have great potential to reduce the incidence of AMR. For example universal coverage by a pneumococcal vaccine could not only save many of the estimated 800,000 children who die each year of pneumonia, it would also reduce by an estimated 47% the use of antimicrobials, counteracting the development of AMR. Vaccines already play an important role in preventing disease in farm animals and aquaculture. This should be boosted even further to decrease the use of antimicrobials in those sectors. The Commission will: - continue to support research into the development of new effective preventive vaccines for humans and animals; - support increasing the knowledge base concerning the barriers that influence the wider use of vaccination in medical and veterinary practice. 3.4 Develop novel diagnostics Novel, rapid and reliable diagnostics are crucial for differentiating between bacterial and viral infections and identifying AMR, so that the most appropriate treatment can be given in a timely manner. By tailoring the treatment to the nature of the infectious pathogen and its resistance pattern, diagnostics help reduce the unnecessary use of antimicrobials in humans and animals. Such novel diagnostics are in the process of entering the market but more tests are needed to guide a more efficient use of existing antimicrobials in the human and animal health sectors. Novel diagnostics will also make it possible to recruit the right patients in clinical trials for new treatments, making the trials more efficient. The Commission will: - support research into the development of new diagnostic tools in particular on-site tests in humans and animals to guide practitioners regarding the use of antimicrobials; - support the use of IT solutions in developing tools for diagnosing human and animal infections; - encourage the uptake of diagnostics in medical and veterinary practice, e.g through innovation procurement. 3.5 Develop new economic models and incentives Developing new antimicrobials or alternative therapies requires significant and long-term investments. In the classic business model, pharmaceutical companies recuperate research and development investments selling large volumes of their medicinal products. However, when any new antimicrobial treatment enters the market and is sold and used in large quantities, resistance can be expected to develop quickly. As the use of new antimicrobials needs to be restricted to minimise the risk of resistance development, the current business model results in 15 a market failure for antimicrobials, and works against efforts to conserve effective antimicrobials. New economic models need to be developed to incentivise antimicrobial discovery and development while reconciling these incentives with responsible use. Similarly, in the diagnostics sector, the development and uptake of novel diagnostics requires new models that take account of the relatively high price of diagnostics compared to the currently low price of antimicrobials. Such models would need to reflect the long-term benefit of these medicinal products and the societal value of limiting the use of antimicrobials while promoting the use of novel diagnostics. This would be in line with the increasing trend of developing new therapies combined with a diagnostic. Health Technology Assessment (HTA) methods to evaluate the added value of such new technologies and economic analysis to understand the costs and benefits of different investments to fight AMR are needed to provide an evidence base for the uptake of ***interventions*** in the healthcare system and services. The involvement of HTA bodies in AMR-related discussions could raise their awareness on AMR when assessing the added value of new antimicrobials and alternatives, diagnostics or a combination thereof. The Commission will: - increase the evidence base for understanding the societal costs and benefits of different strategies for fighting AMR, including understanding factors that influence the uptake of ***interventions*** such as novel diagnostics or preventive measures; - support research into the development of new economic models, exploring and analysing incentives to boost the development of new therapeutics, alternatives, vaccines and diagnostics; - analyse EU regulatory tools and incentives – in particular orphan and paediatric legislation – to use them for novel antimicrobials and innovative alternative medicinal products (e.g vaccines, antibacterial, antifungal, antiviral agents) that currently do not generate sufficient returns on investment; - encourage Member States to explore results and recommendations of EU research projects on new economic business models; - develop new or improved methodological HTA approaches and foster methodological consensus-building. This could benefit the development of combinations of technologies and co-dependent technologies including in the area of AMR. 16 3.6 Close knowledge gaps on AMR in the environment and on how to prevent transmission AMR is a good example of a One Health matter in which human health is connected to that of animals and the environment. Only a multidisciplinary effort can provide an adequate response. There is a major lack of knowledge about the release and spread of resistant organisms in the environment and the threats and risks this poses to human and animal health. For example, the release of antimicrobials into the environment through human, animal and manufacturing waste streams should be assessed and new technologies developed to enable efficient and rapid degradation of antimicrobials in wastewater treatment plants, organic waste streams or the environment. The feasibility and implementation of monitoring ***programmes*** need to be further studied, including the development of harmonised monitoring of antimicrobials and microorganisms resistant against antimicrobials in the environment. Using harmonised monitoring and research data, risk assessment methodologies should be developed to evaluate risks to human and animal health. In the agri-food sector, the links between farming practices, animal health and AMR development and spread need to be further investigated. The Commission will: - support research into knowledge gaps on the release of resistant microorganisms and antimicrobials into the environment and their spread; - explore risk assessment methodologies, with the support of scientific agencies and bodies, and use them to evaluate the risks to human and animal health from the presence of antimicrobials in the environment; - support research into and the development of new tools for monitoring antimicrobials and microorganisms resistant against antimicrobials in the environment; - support the development of technologies that enable efficient and rapid degradation of antimicrobials in wastewater and the environment and reduce the spread of AMR 4 SHAPING THE GLOBAL AGENDA The EU and its Member States are part of an increasingly interconnected world characterised by an intensive exchange of people and commodities where policies implemented in one region can have significant impacts elsewhere. The spread of AMR across borders has been recognised globally and areas for action have been internationally agreed and outlined in the WHO Global Action ***Plan*** on AMR, which serves as the global blue-print for AMR activities and has been endorsed by the OIE and the FAO. The Political Declaration of the United Nations General Assembly of 21 September 2016 committed high-level support to the international implementation of the WHO Global Action ***Plan*** on AMR. The evaluation of the 2011 EU action ***plan*** recognised the positive effects of EU ***interventions*** at global level. Continued effort is necessary and is outlined below. 17 4.1 A stronger EU global presence Many of the EU’s domestic AMR policies (e.g the ban on using antimicrobials as growth promoters in feed for food-***producing*** animals) are already contributing to the achievement of international objectives against AMR. Nevertheless, it continues to develop and spread across the world. EU involvement and collaboration with multilateral organisations such as the WHO, the OIE, the FAO and international forums should therefore be intensified in order to contribute to regional and global action on AMR, following the One Health approach. The Commission will: - continue to actively contribute to the normative work of the WHO, the OIE, the FAO, and the Codex Alimentarius on the development of ambitious international frameworks and standards/norms/guidelines/methodologies related to AMR; - reinforce technical cooperation with the WHO and its members in key areas of the WHO Global Action ***Plan*** on AMR (e.g the development of monitoring systems under the WHO Global Antimicrobial Resistance Surveillance System (GLASS), awareness-raising, infection prevention and control); - boost support for the International Conference on the Harmonisation of Technical Requirements for the Registration of Pharmaceuticals for Human Use (ICH) and the Veterinary International Conference on the Harmonisation (VICH) on relevant international guidelines/standards/norms related to AMR; - work towards continued high-level political attention and commitment to AMR action, including in the United Nations forums, the G7 and the G20; - look for synergies with the UN ***Strategic*** Approach to International Chemicals Management’s work on the emerging policy issue of pharmaceuticals in the environment;38 - analyse the feasibility of setting up a global AMR clinical studies network in collaboration with G7 members39; - continue and strengthen ongoing collaboration within the Transatlantic Taskforce on Antimicrobial Resistance (TATFAR), which includes the EU, the USA, Canada, and Norway; - promote international regulatory convergence between the EMA and other regulatory agencies such as the US Food and Drug Administration (FDA) and the Japan Pharmaceuticals and Medical Devices Agency (PMDA) on development ***plans*** for new promising antimicrobials. 38   [*http://www.saicm.org/EmergingPolicyIssues/Pharmaceuticalnbsp;Pollutants/tabid/5477/language/en-US/Default.aspx*](http://www.saicm.org/EmergingPolicyIssues/Pharmaceuticalnbsp;Pollutants/tabid/5477/language/en-US/Default.aspx) 39   [*http://www.mhlw.go.jp/seisakunitsuite/bunya/hokabunya/kokusai/g7kobe/KobeCommunique\_en.pdf*](http://www.mhlw.go.jp/seisakunitsuite/bunya/hokabunya/kokusai/g7kobe/KobeCommunique_en.pdf) 18 4.2 Stronger bilateral partnerships for stronger cooperation The EU has gained valuable expertise and experience in relation to AMR, while some of its trading partners have taken different approaches and chosen different priorities in this regard. There is scope for more collaboration and closer ties with these partners to build consensual activities, share experiences and align approaches, for the benefit of all sides. Candidate countries and potential candidates benefiting from a pre-accession strategy have also made commitments regarding alignment and implementation of EU legislation related to AMR, as have the neighbouring countries to which the European Neighbourhood Policy (ENP) applies or who have an Association Agreement with the EU. The Commission – with the help of EU agencies – will continue to support these countries through visits, best practice exchanges and capacity building. As one of the largest markets for ***agricultural*** products, the EU can play a major role in promoting its AMR-related standards, measures in food production, and standards on animal welfare, e.g through its bilateral Free Trade Agreements (FTAs). The systematic inclusion of AMR-related provisions is now a current practice for the Commission in all new FTAs. Further actions may also be considered to ensure a level playing field between EU ***producers*** and EU trading partners, e.g so that efforts made by EU farmers are not compromised by the non-prudent use of antimicrobials in EU trading partners. This could include linking concessions made to EU trading partners with compliance with specific EU AMR policy objectives. The Commission will: - advocate EU standards and measures for tackling AMR in trade agreements and incorporate them into cooperative arrangements in trade agreements; - engage with major global players and ***strategic*** countries (e.g Brazil, China, India), contributing towards achieving objectives of the WHO Global Action ***Plan*** on AMR by sharing experiences, advocating best practices and thus stimulating actions outside the EU; - support EU candidate countries, potential candidate countries and neighbouring countries to which the ENP applies in the alignment with, and capacity building for the implementation of EU legislation related to AMR and EU standards; - invite the European Parliament, Member States and stakeholders to share views on actions to be taken to ensure that efforts to combat AMR made by EU ***producers***, including farmers, do not place them at a competitive disadvantage. 4.3 Cooperating with developing countries The AMR threat to public health and the social and economic burden it entails is even greater in developing countries. This is due to political, social, epidemiological and economic factors which may vary from those in developed countries. The EU’s development policy can play an important role in raising awareness, sharing experiences and supporting capacity building in developing countries in order for them to be better equipped to control infectious diseases and prevent AMR. This process can be supported through dialogue, aid and cooperation activities, taking account of partner countries’ individual policy priorities to strengthen health systems 19 and implement the sustainable development goals, in particular the third goal on good health and well-being. Particular attention should be given to lower income countries, where support is most needed. The Commission will: - continue to contribute to reducing AMR in least developed countries through infectious disease ***programmes*** such as the Global Alliance for Vaccines and Immunisations (GAVI); - assist in the development of AMR strategies in the areas of food safety and animal health through regional training workshops on AMR organised under the BTSF World initiative; - support partner countries’ policy initiatives on AMR, where appropriate, through international cooperation and development instruments (e.g Global Public Goods & Challenges, the European Development Fund); - support the development of resilient health systems in partner countries, e.g by strengthening the knowledge and evidence base, infection prevention and control and the quality and use of antimicrobials. 4.4 Developing a global research agenda A stronger, more interconnected and more globally oriented AMR research environment is needed. There are great benefits to be gained from further coordination between the European research agenda and its global counterparts. Many international initiatives have been launched during the last few years that would benefit from stronger collaboration in order to increase their impact, as expressed by the G739 and G2040 Health Ministers. The Commission will: - improve global coordination of research activities by promoting dialogue and collaboration between international research initiatives; - support the establishment of a virtual research institute under JPIAMR; - continue collaborative research with Sub-Saharan Africa in the context of the European and Developing Countries Clinical Trial Partnership (EDCTP) in particular in relation to tuberculosis, HIV/AIDS, malaria and neglected infectious diseases; - foster international research collaboration on AMR in the animal health sector in the STAR-IDAZ International Research Consortium.41 40   [*https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3\_Downloads/G/G20-Gesundheitsministertreffen/G20\_Health\_Ministers\_Declaration\_engl.pdf*](https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/G/G20-Gesundheitsministertreffen/G20_Health_Ministers_Declaration_engl.pdf) 41   [*http://www.star-idaz.net*](http://www.star-idaz.net)/ 20 5 MEASURING SUCCESS To obtain the desired effect, it will be important to closely monitor the effectiveness and performance of certain key actions under this action ***plan*** at regular intervals and to modify them if necessary. The WHO, the OIE, the FAO, and the Codex Alimentarius are setting up systems and developing standards to monitor global effects. The EU systems will measure EU and Member State effects. This can be done by determining a limited number of key outcome indicators, based on data already collected. These indicators will be developed with the support of the EU scientific agencies (see point 2.1) and will enable Member States to assess, in a clear and simple way, the progress made in the implementation of their national One Health action ***plans*** on AMR. The indicators will also help Member States to set measurable goals to reduce infections by key antimicrobial resistant microorganisms in humans and food-***producing*** animals, to improve the appropriateness of the use of antimicrobials in the human and veterinary sectors and to combat AMR in all sectors. This progress will be discussed at regular intervals in the One Health network on AMR, to guide individual Member States and to determine if new actions are needed at EU level. 6 CONCLUSION This Communication provides a framework for future actions against AMR and aims to make the best possible use of the EU legal framework and policy instruments, focusing on the real added value the EU can bring to the fight against AMR. Most of the actions can be done by adapting and reinforcing existing actions for a more integrated, comprehensive and effective approach to combating AMR. Other actions focus on identified gaps in the EU response so far that requires new activities, the discovery of new knowledge and the creation of new partnerships. The Commission is confident that this new One Health action ***plan*** can make a difference and will improve the EU performance in combatting AMR. The action ***plan*** will strengthen collaboration and surveillance, will reduce data gaps and allow for the sharing of best practices within the EU. It will create more synergies and coherence between different policies according to the One Health approach. The action ***plan*** will thus support the EU and its Member States in delivering innovative, effective and sustainable responses to AMR. The action ***plan*** will also strategically reinforce the research agenda on AMR and actively promote global action. The Commission invites the European Parliament and the Council to endorse this One Health action ***plan*** and calls on Member States and all those involved to ensure that measures to combat AMR are swiftly implemented. Only sustained ambition, continued commitment and concerted action can turn the tide and diminish this global threat.

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**End of Document**



[***-Hera Group approves Business Plan to 2021***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RCS-XVD1-F0K1-N083-00000-00&context=1516831)

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**Body**

Based on the forecast for year 2017, EBITDA amount reached roughly 980 million, the Group's path of growth will continue to focus on investments, innovation and agility, in order to seize the emerging opportunities in the utility sector.

Internal growth will be favoured by efficiencies and by innovative and sustainable solutions, while the Group's financial soundness will allow external growth to proceed.

Operating-financial highlights

2021 EBITDA: EUR 1,135 million (+218 million over 2016 EBITDA)

Overall industrial and financial investments: almost EUR 2.9 billion (+62% over the investments seen in the past five years)

Net debt/EBITDA ratio remains below 3

Profits/share to increase by an annual average of roughly 5% over the duration of the ***Plan***

Dividends expected to keep rising, reaching 10.5 cents per share as early as 2020 (+17% over the last dividend paid)

Industrial highlights

The 5 ***strategic*** priorities confirmed: growth, efficiency and excellence, with an increasing focus on innovation and agility

Group development based on a balanced mix of internal and external (M&A) growth

Reconfirmation of current grants in tenders for gas distribution and urban waste collection, and confirmation of the trends of growth in the waste recycling and treatment sector, in line with the principles of a Circular Economy

Strategy reflects the main transitions currently underway in the sector: Circular Economy, Customer Experience, Utility 4.0

Objective of over 3 million energy customers at 2021, with 30,000 new gas and electricity customers acquired as of the current year and a reinforcement of commercial synergies, thanks to the recent acquisition of a further 29.5% of Hera Comm Marche

Shared value to reach over EUR 450 million

Preliminary consolidated results for 2017 show roughly 980 million in EBITDA, and a ***plan*** geared towards growth

This morning, the Hera Group's Board of Directors, which met to discuss the Business ***plan*** to 2021, also examined the preliminary consolidated results for 2017, which confirm a year-end EBITDA of roughly EUR 980 million, up almost 7% over the 917 million seen at 31 December 2016 and exceeding the forecast of the previous business ***plan***. The Group's financial solidity will thus see an improvement in the net debt/EBITDA ratio, at approximately 2.6x.

On the firm basis provided by this result and by an increased financial flexibility, the Board of Directors approved the new ***Plan*** to 2021, which reflects a strong commitment to further growth in the Group's businesses, within a scenario marked by far-reaching changes.

A deeply evolving scenario

The scenario promises to be denser than ever in events that will bring about a profound evolution in almost all sectors in which the Group is active. In a framework showing clear and positive signals of economic recovery, Italian operators will be called to participate in the process, already underway thanks to the tenders for gas distribution announced by the Authority, of a significant rationalisation in the number of operators. In the waste collection sector, considering the recent transfer of power to the national Authority for energy, gas and the water service (renamed ARERA), service concession tenders which have already expired or will do so during the next five years are expected to be initiated. Other regulatory changes are also expected for segments involving protected energy service customers, intended to promote a further increase in added value for the services offered and greater competition on the marketplace. To this one must add the ongoing processes of consolidation in the energy sales and waste treatment sectors, which are currently among the most fragmentary in Europe and are, in the environmental services sector, at the root of the country's shortcomings in efficiency and infrastructures.

The investment ***plan*** and the solidity of the Group's assets

Faced with the numerous and diversified opportunities offered by the new scenario, the ***Plan*** to 2021 foresees investments amounting to almost EUR 2.9 billion, up roughly 400 million over the previous ***strategic*** ***plan***. On the one hand, they will serve to fuel growth over the upcoming five years, and on the other to spark a transformation of Group businesses towards the new industrial paradigms of Circular Economy and Utility 4.0.

Over 70% of the investments expected by the ***Plan*** will in fact be dedicated to networks, partially going towards a reconfirmation of the concessions for gas distribution in the areas served, and partially to significant ***interventions*** in infrastructure modernisation and development, such as installing electronic meters, completing the Rimini seawater protection ***plan*** and upgrading the Servola and Ca Nordio purifiers. Furthermore, investments in innovative projects, such as extending smart grids to aqueducts or introducing new technologies for optimising purification sludge recovery, will allow an increase in network efficiency and a reduction in and energy and material consumption.

This investment ***plan*** proves to be sustainable from a financial point of view, thanks to a positive and rising cash generation, sufficient to cover the investments themselves and dividend payments. The Group's financial solidity, as foreseen by the ***Plan***, expressed in a 2021 net debt/EBITDA ratio of 2.9, will potentially leave room for additional investments, used to grasp opportunities not currently included in the ***Plan***, without jeopardising the parameters that the Group has long maintained as a reference point.

Strategy confirmed for seizing the opportunities offered by the scenario and creating shared value

The actions envisaged by the Group will be founded on its fundamental principles, efficiency, excellence, growth, innovation and agility; this set of ***strategic*** priorities has led the Group to set in place, ahead of time, the necessary preconditions to adequately deal with the changing scenario that lies ahead.

The strategy outlined in the ***Plan*** is concretely articulated according to the paradigms of a Circular Economy and the opportunities offered by Utility 4.0, through a growing digitalisation of processes, data collection and analysis and the widespread use of 'intelligent' infrastructures. The Group, which has always been attentive to the issue of sustainability, in 2016 furthermore began financial reporting as to Shared Value, i.e. the portion of profits generated by projects that benefit the company and at the same time contribute to reaching the UN's 2030 Agenda (covering at least 10 of the 17 objectives indicated). In 2016 this portion accounted for roughly 30% of Group EBITDA and it is expected to rise to 40% or EUR 450 million overall (amounting to a 150 million increase) within 2021.

Increasing EBITDA objectives, balanced between the various business areas, between regulated and free market activities, and between internal and external growth

In view of the investment ***plan*** to be launched covering the upcoming five years, EBITDA is expected to reach EUR 1,135 million in 2021, with an almost 220 million increase over the 917 million recorded at the end of 2016. This growth will prove once again to be balanced between the Group's various business areas, while maintaining its current conservative risk profile thanks to the breakdown of its activity portfolio and the wider range of opportunities for growth offered by the reference scenario. A contribution to the increase in EBITDA over the duration of the ***Plan*** will indeed come from all areas (Networks, Waste and Energy), and will also be balanced between profits coming from regulated and free market activities and between internal and external growth.

As regards internal growth, a high degree of attention towards extracting efficiencies has been confirmed, as has the continuation of ***plans*** to expand in markets, with an overall contribution at 2021 of EUR 138 million (up 17% over the 118 million of the previous five-year ***plan***), sustained by progress in innovation in addition to the support coming from development investments.

Further impetus towards growth will come from the lever of gas tenders, with an incremental EBITDA expected to reach 29 million through a reconfirmation of concessions in the current reference areas. For tenders involving waste collection the ***Plan*** is based on the idea of reconfirming services in the areas now served, while waiting for the future arrangements set out by the national Authority, ARERA.

Concerning external development (M&A), the ***Plan*** expects a 107 million euro contribution to growth in EBITDA over the five years in question. This contribution is in line with what the Hera Group has achieved in the past, ever since it was established, through both mergers with other multi-utilities and acquisitions of mono-business companies operating in the energy sales and waste treatment sectors. The latter have been included in the ***Plan*** only as regards the operation concerning the Aliplast Group, carried out in 2017 (through the subsidiary company Herambiente, Hera now holds 80% of this Group, with the possibility of acquiring the remaining 20% within 2022), while additional opportunities offered by liberalised markets have been left 'on top' of the objectives contained in the ***Plan***.

Increasing value for shareholders and an improved dividend policy

The ***Plan*** confirms the Group's care towards creating value for shareholders, with profits per share increasing by an annual average of approximately 5% and an improved dividend policy with respect to both the past and the forecast of the previous Business ***plan***. The dividend will indeed rise to 9.5 cents/share as of the payment pertaining to 2017 (to be made during the current financial year) and settle at 10.0 cents in 2018 and 2019, reaching 10.5 cents for 2020 and 2021 (+17% compared to the last dividend paid).

Networks: smart infrastructures and excellence in services at the root of the Utility 4.0 model

The majority of the growth over the duration of the ***Plan*** is expected to come from the networks area: EBITDA traceable to electricity and gas distribution, the water cycle and remote heating services will go from EUR 424 million in 2016 to 552 million in 2021, thus contributing to roughly half of the Group's overall EBITDA.

A strong impulse will come from the over 2 billion in investments dedicated to the evolution and modernisation of networks, by adopting innovative technologies able to guarantee an excellent customer service (efficiency, safety, information exchange) and improve management competitiveness, with the aim of reconfirming the concessions already gained in the Group's reference areas. Efficiencies remain a ***strategic*** priority, and will contribute to growth over the five-year period with 24 million overall, to which one must add 15 million coming from the innovations introduced in networks (from energy efficiency projects applied to the most energy consuming activities, to automation systems in networks).

Consolidating the Group's role as a reference point in the waste sector

The waste sector EBITDA is expected to grow from the EUR 231 million seen in 2016 to 282 million in 2021.

This growth will be sustained by the current positive trends in demand, and by approximately EUR 600 million in investments over the duration of the ***Plan***. The latter will be dedicated to fuelling innovation in environmental services and maintaining an appropriate capacity of waste treatment in the reference area, without neglecting trustworthiness and sustainability. One concrete example of the application of the best technologies currently available is the creation in the Bologna area of the first biomethane production plant, which will become functional within 2018 and allow the circle to be 'come home': from collecting the organic part of sorted waste and ***agricultural*** trimmings to introducing the methane ***produced*** into the network, achieving a particularly sustainable cycle and clear benefits for air quality. Particular attention will continue to go to developing sorted waste, expected to grow from 56% in 2016 to 70% in 2021, including improvement from a qualitative point of view as well, in order to gain the most value from the portions collected and increasingly reduce both environmental impact and tariffs for citizens. Efficiencies remain a cornerstone for the expected results, which will also be sustained by the innovations foreseen (the latter will contribute roughly 8 million to overall growth in the waste area).

Furthermore, in 2017 the entrance of Aliplast within the Group's scope of operations has allowed Hera, already a leader in the sector, to introduce a new phase and be among the nation's precursors in developing a model of a circular economy. In the future as well, attention will go to solutions able to further increase the circularity of the Group's activities. The avant-garde position it has reached in treatment, reuse, recycling and energy valorisation thus becomes a heritage made available to industrial customers. The latter already see the Hera Group as a point of reference and a trustworthy partner, able to provide them with support in the evolution of their production processes, in line with the principles of a circular economy, by offering them an all-round service in waste management.

Energy: over 3 million customers

The energy sector will increase its EBITDA from the EUR 241 million seen in 2016 to 259 million in 2021. The challenging objective set by the Group is to reach over 3 million energy customers by the end of the ***Plan***, making the most of both internally developing its own customer base, in line with its track record, and the opportunities offered by the market. These involve, for example, extinguishing protected categories in electricity, or the upcoming assignment of last resort services, in which the Hera Group has accumulated a solid experience over the years.

Beginning with the over 2.3 million customers reached in 2017, the enlarged customer base will be able to rely on 30,000 new energy clients in the current year: 13,000 protected electricity customers in the municipality of Gorizia, recently acquired through the subsidiary EnergiaBaseTrieste, with 17,000 further gas and electricity customers soon added in the Marche and Abruzzo regions, thanks to a binding deal signed in the last few days. The strong point of both operations lies in integrating a local presence, in a physical sense, that is typical of smaller businesses, with the potential for innovation in services and offers, and the competitiveness that come from belonging to a Group that is among the main operators in the Italian energy market. This is the light in which Marche Multiservizi's acquisition of 29.5% of the share capital of Hera Comm Marche must also be seen, as brought to completion last December, in line with the consolidated decision to reinforce both the integration between Group companies and synergies across the areas served.

The customer base will be enlarged thanks to the introduction of new offers, increasingly innovative and personalised, that combine energy sales with the supply of services with added value that are closely tied to the commodity itself (for example, tools for increasing energy efficiency in households). Furthermore, the Group will be able to defend its own customer base with increasing attention to customer experience, turning to digitalised processes and adopting efficient data management and analysis systems to guarantee an excellent service and accelerate the 'time to market'.

Lastly, thanks to the knowhow gained in energy efficiency both within the company and when acting for third parties, the Group will be able to interface with public administrations, condominiums or businesses as reference partners for defining and implementing effective solutions for energy saving, an element which is increasingly crucial in local and national energy strategies.

Tomaso Tommasi di Vignano, Hera Chairman

The reference scenario shows deep changes occurring in all sectors in which the Group is active, and requires us to 'change gears' in order to seize the opportunities that we have been preparing to handle for some time now. The challenging objectives contained in the ***Plan*** rest on the solid results achieved until present, and that we wish to turn into further growth from all points of view, both in terms of size and regarding improvements in quality, risk profile and sustainability. The targets reached, as is also demonstrated by the 2017 forecast, allow us to look towards an incremental profit projection compared to the previous ***Plan***, and towards growing payments to shareholders, with an additional increase in dividends, following up on the one announced last year.

Stefano Venier, Hera CEO

Already today, the new frontiers of circularity and shared value are a reality for the Group, which it can use as levers for an increasingly avant-garde industrial development, with the goal of meeting our customers' evolving needs and facing the urgent drive towards sustainability set out in the agendas of all countries. Our ***Plan*** envisages an intense investment ***program***, amounting to almost 3 billion euros, confirming the Group's financial solidity and leaving further room for additional opportunities.

Contact:

Jens Klint Hansen

Tel: +39 051.287737

Email: [*jens.hansen@gruppohera.it*](mailto:jens.hansen@gruppohera.it)

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**End of Document**



[***Register of Commission documents:Draft opinion Implementation of EU macro-regional strategies Document date: 2017-07-06 ENVI\_AM(2017)607956 Amendments to draft opinions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PCC-KFD1-JDG9-Y4DT-00000-00&context=1516831)

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AM\1130194EN.docx PE607.956v01-00 EN United in diversity EN European Parliament 2014-2019 Committee on the Environment, Public Health and Food Safety 2017/2040(INI) 6.7.2017 AMENDMENTS 1 - 73 Draft opinion Biljana Borzan (PE602.971v01-00) Implementation of EU macro-regional strategies (2017/2040(INI)) PE607.956v01-00 2/36 AM\1130194EN.docx EN AM\_Com\_NonLegOpinion AM\1130194EN.docx 3/36 PE607.956v01-00 EN Amendment 1 Ulrike Müller, Nils Torvalds Draft opinion Paragraph 1 Draft opinion Amendment 1. Welcomes the Commission’s report but considers that further assessment was needed regarding the implementation of the existing macro-regional strategies, and especially of aspects pertaining to the environment, as one of the pillars of sustainable development; 1. Welcomes the Commission's report but considers that further assessment was needed regarding the implementation of the existing macro-regional strategies, and especially of aspects pertaining to the environment, as one of the pillars of sustainable development; therefore urges the Commission to focus particularly on results of projects under the macro-regional strategies in forthcoming reports; Or. en Amendment 2 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 1 a (new) Draft opinion Amendment 1a. Notes that macro regional strategies are being consistently integrated into policy ***planning*** at EU level, but more sporadically at national and regional level; Or.

en Amendment 3 Davor Škrlec Draft opinion PE607.956v01-00 4/36 AM\1130194EN.docx EN Paragraph 1 a (new) Draft opinion Amendment 1a. Welcomes the potential for macro-regional strategies to foster coordinated action, deepen dialogue between different actors and to improve effectiveness of Union financial instruments in the areas of environmental and biodiversity protection, climate mitigation and adaptation; Or. en Amendment 4 José Inácio Faria Draft opinion Paragraph 1 a (new) Draft opinion Amendment 1a. Recognises the importance of macro-regional strategies in providing a single integrated framework to address common challenges faced by a defined geographical area encompassing Member States and third countries, which benefit in this way from strengthened cooperation contributing to achievement of economic, social and territorial cohesion; Or. pt Amendment 5 Biljana Borzan, Nicola Caputo, Nessa Childers, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 1 b (new) Draft opinion Amendment AM\1130194EN.docx 5/36 PE607.956v01-00 EN 1b. Calls on the Commission and participating countries and their regions to further integrate macro-regional strategies into EU sectorial policies, and to develop synergies between them, thereby facilitating the implementation of sectorial policies in an integrated way across territories; Or. en Amendment 6 José Inácio Faria Draft opinion Paragraph 1 b (new) Draft opinion Amendment 1b. Recognises the importance of the four existing EU macro-regional strategies, namely the 2009 EU Strategy for the Baltic Sea Region (EUSBSR), the 2011 EU Strategy for the Danube Region (EUSDR) the 2014 EU Strategy for the Adriatic and Ionian Region (EUSAIR) and the 2015 EU Strategy for the Alpine Region (EUSALP); Or. pt Amendment 7 José Inácio Faria Draft opinion Paragraph 1 c (new) Draft opinion Amendment 1c. Considers that the four strategies could be still more effectively administered in the context of sustainable development, climate change, renewables and blue economy; PE607.956v01-00 6/36 AM\1130194EN.docx EN Or. pt Amendment 8 Ulrike Müller, Nils Torvalds Draft opinion Paragraph 2 Draft opinion Amendment 2. Calls for the concept of environmental integration to be mainstreamed in the design and implementation of various cross-sectoral policies for the current and future macro-regions; 2. Underlines the opportunities of macro-regional strategies with regard to environmental issues which are typically of cross-border nature; therefore, policy coordination among regions is the most effective approach to find lasting solutions to environmental challenges; calls for the concept of environmental integration to be mainstreamed in the design and implementation of various cross-sectoral policies for the current and future macro-regions; Or. en Amendment 9 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 2 a (new) Draft opinion Amendment 2a. Encourages the expansion of conservation areas to protect the environment and halt biodiversity loss, particularly through the enhancement of the Natura 2000 and Emerald networks, as well as the LIFE ***programme***; Or. en AM\1130194EN.docx 7/36 PE607.956v01-00 EN Amendment 10 Davor Škrlec Draft opinion Paragraph 2 a (new) Draft opinion Amendment 2a. Urges all macro regional strategies to assess the potential benefits of collective action in reduction of greenhouse gas and pollutant emissions, biodiversity and environmental protection and ecosystem based climate change adaptation strategies; Or. en Amendment 11 Ulrike Müller Draft opinion Paragraph 2 a (new) Draft opinion Amendment 2a. Considers the macro-regional strategies and associated environmental ***programmes*** a good instrument to make benefits of European cooperation visible to the citizens and therefore urges all involved parties to fully commit to the strategies and play their part in the implementation; Or. en Amendment 12 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 2 b (new) PE607.956v01-00 8/36 AM\1130194EN.docx EN Draft opinion Amendment 2b. Calls for the timely adoption of maritime spatial ***planning*** and integrated coastal management strategies by the EU Member States, as well as coastal candidate and potential candidate countries; Or. en Amendment 13 Ulrike Müller Draft opinion Paragraph 2 b (new) Draft opinion Amendment 2b. Points out that in rural areas nature is the economic base for many inhabitants and that environmental ***programmes*** can only be successful if supported by the local inhabitants; stresses, therefore, that in order to deliver on environment protection goals such projects must fully take into account the long-term economic interests of locals; Or. en Amendment 14 Davor Škrlec Draft opinion Paragraph 2 b (new) Draft opinion Amendment 2b. Urges all macro regional strategies to implement circular economy with the aim to achieve higher levels of environmental protection, health protection and non-toxic material cycles; AM\1130194EN.docx 9/36 PE607.956v01-00 EN Or. en Amendment 15 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 2 c (new) Draft opinion Amendment 2c. Calls for the enhancement of a marine NATURA 2000 network, and a coherent and representative network of Marine Protected Areas under the Marine Strategy Framework Directive by 2020; Or. en Amendment 16 Davor Škrlec Draft opinion Paragraph 2 c (new) Draft opinion Amendment 2c. Encourages all macro regional strategies to apply green public procurement in order to boost eco-innovation, development of new business models and use of secondary raw material; Or. en Amendment 17 Ulrike Müller, Nils Torvalds Draft opinion Paragraph 2 c (new) PE607.956v01-00 10/36 AM\1130194EN.docx EN Draft opinion Amendment 2c. Stresses the importance of stakeholder dialogue and public communication of the macro-regional strategies to make them known and gain acceptance in the local communities; considers this a key element to lead the macro-regional strategies to success; Or. en Amendment 18 Herbert Dorfmann Draft opinion Paragraph 3 Draft opinion Amendment 3. Highlights the need to mobilise funds for particular environmental goals of the macro-regions, complementing the existing funding; 3. Highlights the need, in view of the extreme ecological importance of macro-regions, to coordinate more effectively the resources available to fund particular environmental goals of the macro-regions (e.g ESI funds, LIFE, CAP) and tailor their use to political priorities; Or. de Amendment 19 Ulrike Müller, Nils Torvalds Draft opinion Paragraph 3 Draft opinion Amendment 3. Highlights the need to mobilise funds for particular environmental goals of the macro-regions, complementing the existing funding; 3. Highlights the need to mobilise funds for particular environmental goals of the macro-regions, complementing the existing funding; in this regard, takes note that funding is usually linked to defined projects whereas environmental AM\1130194EN.docx 11/36 PE607.956v01-00 EN challenges require a long-term approach and therefore urges the Commission, Member States and competent authorities to consider this long-term perspective in funding of projects and the design of future funding ***programmes*** that will be accessible for macro-regional strategies; Or. en Amendment 20 Herbert Dorfmann Draft opinion Paragraph 4 Draft opinion Amendment 4. Stresses the importance of developing monitoring and evaluation tools for various indicators in order to better measure the achievement of environmental targets; deleted Or. de Amendment 21 Ulrike Müller Draft opinion Paragraph 4 Draft opinion Amendment 4. Stresses the importance of developing monitoring and evaluation tools for various indicators in order to better measure the achievement of environmental targets; 4. Stresses the importance of developing monitoring and evaluation tools for various indicators in order to better measure the achievement of environmental targets without creating unnecessary administrative burden for project partners and stakeholder; Or. en PE607.956v01-00 12/36 AM\1130194EN.docx EN Amendment 22 Herbert Dorfmann Draft opinion Paragraph 4 a (new) Draft opinion Amendment 4a. Calls on the stakeholders of the macro-regions to use European Structural and Investment Funds (ESI Funds) and other Union funding to promote environment-related investments that have climate change mitigation among their objectives; Or. de Amendment 23 Herbert Dorfmann Draft opinion Paragraph 4 b (new) Draft opinion Amendment 4b. Calls for specific synchronisation and better coordinated use of existing funds at all levels to pursue macro-regional objectives in order optimally to unlock the potential of macro-regional strategies and ultimately fulfil the general expectations to the maximum; Or. de Amendment 24 Herbert Dorfmann Draft opinion Paragraph 4 c (new) AM\1130194EN.docx 13/36 PE607.956v01-00 EN Draft opinion Amendment 4c. Calls on stakeholders in the macro-regions, in addition to the funds relevant to macro-regional strategies and the instruments for the financing of particular environmental objectives, also to consider using the European Fund for ***Strategic*** Investments; Or. de Amendment 25 Massimo Paolucci, Damiano Zoffoli Draft opinion Paragraph 5 Draft opinion Amendment 5. Points out that the sea of the Adriatic and Ionian region is threatened by various sources of pollution, including untreated waste, marine litter and eutrophication from ***agricultural*** runoff and fish farms; calls therefore on the participating countries to further step up their efforts in tackling these environmental challenges; 5. Points out that the sea of the Adriatic and Ionian region is threatened by various sources of pollution, including untreated waste, marine litter, untreated effluent and eutrophication from ***agricultural*** runoff and fish farms; calls therefore on the participating countries to further step up their efforts in tackling these environmental challenges, stresses the importance of introducing for this purpose a proper system for the treatment of waste and effluent and the protection of water supplies; Or. it Amendment 26 Luke Ming Flanagan Draft opinion Paragraph 5 Draft opinion Amendment PE607.956v01-00 14/36 AM\1130194EN.docx EN 5. Points out that the sea of the Adriatic and Ionian region is threatened by various sources of pollution, including untreated waste, marine litter and eutrophication from ***agricultural*** runoff and fish farms; calls therefore on the participating countries to further step up their efforts in tackling these environmental challenges; 5. Points out that the sea of the Adriatic and Ionian region is threatened by various sources of pollution, including untreated waste, marine litter and eutrophication from ***agricultural*** runoff and fish farms; points out that many bays and inlets up along the west coast of Ireland are likewise suffering from fish farm pollution; calls therefore on the participating countries to further step up their efforts in tackling these environmental challenges; Or. en Amendment 27 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 5 a (new) Draft opinion Amendment 5a. Points out that the Adriatic Sea, due to its semi-enclosed nature, is especially vulnerable to pollution and has unusual hydrographic features; its depth and the length of its coastline vary considerably between the north and south of the region; Or. en Amendment 28 Massimo Paolucci, Damiano Zoffoli Draft opinion Paragraph 5 a (new) Draft opinion Amendment 5a. Believes that completion of road and transport infrastructures and AM\1130194EN.docx 15/36 PE607.956v01-00 EN measures to realise the immense untapped potential of renewable energy sources are essential conditions for achievement of environmental sustainability goals in the macro-region Or. it Amendment 29 Damiano Zoffoli Draft opinion Paragraph 5 a (new) Draft opinion Amendment 5a. Points to the need to ensure environmental sustainability in the Adriatic and Ionian macro-region by means of specific environmental protection measures, including projects for the launching of surveys and the prevention of subsidence; Or. it Amendment 30 Ulrike Müller Draft opinion Paragraph 5 a (new) Draft opinion Amendment 5a. Welcomes the fact that all four pillars of the Adriatic and Ionian region – Blue Growth, Connecting the Region, Environmental Quality and Sustainable Tourism – are designed to contribute to sustainability goals; Or. en PE607.956v01-00 16/36 AM\1130194EN.docx EN Amendment 31 Nicola Caputo, Biljana Borzan Draft opinion Paragraph 5 a (new) Draft opinion Amendment 5a. recalls the previous position of the EP on the INI report on 'The evolution of EU macro-regional strategies: present practice and future prospects, especially in the Mediterranean”; points out that the Mediterranean is a coherent whole, constituting a single cultural and environmental area, and sharing very many characteristics and priorities common to the 'Mediterranean climate’: the same crops, abundant renewable energy sources, particularly solar energy, the importance of tourism, the same natural disaster risks (fires, floods, earthquakes, water shortages) and the risks from human activity, particularly maritime pollution; reaffirms once again its support to the implementation of a macro-regional strategy for the Mediterranean basin, so as to offer an action ***plan*** for addressing the common and problematic challenges facing the Mediterranean countries and regions and to give structure to this key area for Europe's development and integration, and calls on the Council and the Commission to act quickly on this matter; Or. en Amendment 32 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 5 b (new) AM\1130194EN.docx 17/36 PE607.956v01-00 EN Draft opinion Amendment 5b. Calls on the Commission to ensure that third countries involved in projects in the macro-region comply with the relevant Union acquis, in order to guarantee the sustainable exploitation of the Union's resources; in particular the Marine Strategy Framework, the Water Framework, Urban Waste Water, Nitrates, Waste, Birds and Habitats Directives as well the Green Infrastructure Strategy; recommends that agreements and conventions be used to involve countries outside the EU in European Union environmental projects; Or. en Amendment 33 Ulrike Müller Draft opinion Paragraph 5 b (new) Draft opinion Amendment 5b. Considers the Sustainable Tourism pillar of the Adriatic and Ionian region as a positive instrument to create sustainable economic growth in the region as well as to raise awareness for environmental challenges and the macro-regional strategies; Or. en Amendment 34 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 5 c (new) PE607.956v01-00 18/36 AM\1130194EN.docx EN Draft opinion Amendment 5c. Points out that the rich biodiversity of the Adriatic-Ionian (Region), marine sub-region is a major draw for tourism, recreational and fishing activities, and contributes to the cultural heritage of the macro-region; therefore, considers the lack of habitat maps unfortunate; calls on the participant countries to undertake mapping actions within the framework of the EUSAIR; Or. en Amendment 35 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 5 d (new) Draft opinion Amendment 5d. Emphasises that an ecosystem-based approach to the coordination of activities is needed within the framework of Integrated Coastal Management (ICM) and Marine Spatial ***Planning*** (MSP), in order to ensure the sustainable use of resources, as both frameworks are important stimulants for trans-boundary collaboration and stakeholder cooperation across different coastal and maritime sector activities, and have the potential to bring together ecosystem services and Blue Growth opportunities in a sustainable way; Or. en Amendment 36 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu AM\1130194EN.docx 19/36 PE607.956v01-00 EN Draft opinion Paragraph 5 e (new) Draft opinion Amendment 5e. Calls for the establishment of a coordinated monitoring system and database on marine litter and marine pollution, including the identification of sources and types of litter and pollution, as well as a geographic information system (GIS) database on the location and sources of marine litter; Or. en Amendment 37 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 5 f (new) Draft opinion Amendment 5f. Calls for the drafting and implementation of a joint contingency ***plan*** for oil spills and other large-scale pollution events, building on the work of the sub-regional contingency ***plan*** developed by the Joint Commission for the protection of the Adriatic Sea and coastal areas, and the Barcelona Convention protocols; Or. en Amendment 38 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 5 g (new) PE607.956v01-00 20/36 AM\1130194EN.docx EN Draft opinion Amendment 5g. Calls on the countries involved to give priority to capacity-building directed at the EUSAIR key implementers, as well as at ***programme*** authorities responsible for EUSAIR relevant operational ***programmes***; Or. en Amendment 39 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 6 a (new) Draft opinion Amendment 6a. Notes with appreciation the implementation of projects such as DANUBEPARKS 2.0, STURGEON 2020, SEERISK, CC-WARE and the Danube Air Nexus cluster in reaching the EUSDR environmental goals; Or. en Amendment 40 Ulrike Müller Draft opinion Paragraph 6 a (new) Draft opinion Amendment 6a. Welcomes the Danube region project 'EuroAccess' as a tool to make available funding more accessible and encourages other macro-regional regions to consider this as a best practice; AM\1130194EN.docx 21/36 PE607.956v01-00 EN Or. en Amendment 41 José Inácio Faria Draft opinion Paragraph 6 a (new) Draft opinion Amendment 6a. Calls on the Commission to commence the development of an Iberian Peninsula macro-region meeting the challenges of conducting a properly ***planned*** forestry policy in line with climatic requirements, in a bid to remedy rural depopulation, desertification and soil erosion through the proper ecological management and diversification of forests, planting native deciduous trees that are more fire-resistant, thereby helping to reverse the massive fire damage sustained by forests every year in Portugal and Spain. Or. pt Amendment 42 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 6 b (new) Draft opinion Amendment 6b. Welcomes the setting up of the Interreg Danube Transnational ***Programme*** as a tool for providing support to its governance, and highlights its direct contribution to the Strategy's implementation as being one of the most visible results of the EUSDR; PE607.956v01-00 22/36 AM\1130194EN.docx EN Or. en Amendment 43 Ulrike Müller Draft opinion Paragraph 6 b (new) Draft opinion Amendment 6b. Stresses that a more integrated approach to mobility and multimodality in the Danube region would also be beneficial to the environment; Or. en Amendment 44 José Inácio Faria Draft opinion Paragraph 6 b (new) Draft opinion Amendment 6b. Stresses that the European Commission should rapidly initiate studies for the development of an Iberian macro-region in view of the major cross-border challenges arising in connection with climate change, environmental protection, risk prevention and management, the efficient use of resources, nature conservation, biodiversity, shared water resources and exploration of the potential of the blue economy and of renewables; Or. pt Amendment 45 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu AM\1130194EN.docx 23/36 PE607.956v01-00 EN Draft opinion Paragraph 6 c (new) Draft opinion Amendment 6c. Welcomes the setting up of the Danube Strategy Point as a new body for facilitating the implementation of the EUSDR, and encourages the involvement of all concerned parties and potentially interested actors; Or. en Amendment 46 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 6 d (new) Draft opinion Amendment 6d. Notes with concern that, compared to the first years of its activity, the EUSDR now seems to have been given a lower priority slot in the political narrative at national level in those countries involved; emphasises the need to maintain the political momentum since the commitment by countries directly affects the availability of human resources in the national and regional administrations, and this is crucial for the smooth functioning of the strategy, and for working towards a consolidation of the progress made and results achieved so far; Or. en Amendment 47 PE607.956v01-00 24/36 AM\1130194EN.docx EN Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 6 e (new) Draft opinion Amendment 6e. Calls on the participant countries to ensure an adequate participation of national representatives in EUSDR Steering Group meetings on priority areas, and to consider reducing the number and scope of current priority areas if sufficient resources are not allocated within well-defined timeframes; Or. en Amendment 48 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 6 f (new) Draft opinion Amendment 6f. Highlight the issue of numerous sunken ships in the Danube that present a navigational and ecological danger, especially where water levels are low; points out that sunken wrecks contain appreciable amounts of fuel and other substances that pollute water constantly, while the rusting metal of the ships generates pollution on a continuous basis with serious repercussions; calls for the mobilisation of EU funds for tackling this problem and greater co-operation in the framework of the EUSDR; Or. en AM\1130194EN.docx 25/36 PE607.956v01-00 EN Amendment 49 Herbert Dorfmann Draft opinion Paragraph 7 Draft opinion Amendment 7. Calls on the stakeholders of the Alpine macro-region to use European Structural and Investment Funds (ESI Funds) and other Union funding to promote environment-related investments that have climate change mitigation among their objectives; deleted Or. de Amendment 50 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 7 Draft opinion Amendment 7. Calls on the stakeholders of the Alpine macro-region to use European Structural and Investment Funds (ESI Funds) and other Union funding to promote environment-related investments that have climate change mitigation among their objectives; 7. Calls on the stakeholders of the Alpine macro-region to use European Structural and Investment Funds (ESI Funds) and other Union funding to promote environment-related investments that have climate change mitigation and adaptation among their objectives; Or. en Amendment 51 Ulrike Müller Draft opinion Paragraph 7 Draft opinion Amendment PE607.956v01-00 26/36 AM\1130194EN.docx EN 7. Calls on the stakeholders of the Alpine macro-region to use European Structural and Investment Funds (ESI Funds) and other Union funding to promote environment-related investments that have climate change mitigation among their objectives; 7. Calls on the stakeholders of the Alpine macro-region to use European Structural and Investment Funds (ESI Funds) and other Union funding to promote environment-related investments that have climate change mitigation among their objectives; particularly welcomes the region's integrated approach to align the preservation of the environment and ecosystems with the pursuit of economic and social prosperity; Or. en Amendment 52 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 7 a (new) Draft opinion Amendment 7a. Underlines that environmental policy is of a cross-cutting nature and that the favoured options in Alpine strategy fields must reconcile environmental sustainability and economic development; whereas climate change mitigation and biodiversity preservation policies include the need to reinforce the resilience of ecosystems with enough habitat connectivity to allow species migration; Or. en Amendment 53 Ulrike Müller Draft opinion Paragraph 7 a (new) Draft opinion Amendment AM\1130194EN.docx 27/36 PE607.956v01-00 EN 7a. Points out that the Alpine region is an important regional transport hub and that consequently the coordinated development of transport infrastructure, also with regard to ensuring healthy and balanced ecosystems, is of utmost importance; Or. en Amendment 54 Herbert Dorfmann Draft opinion Paragraph 7 a (new) Draft opinion Amendment 7a. Stresses that the Alpine macro-region is one of the largest natural and recreation areas and one of the most attractive tourism regions in Europe, but, because of the particular geographical and natural conditions, access to it is a challenge; considers that, in order to preserve the Alps as a unique natural area, it is vital to create sustainable and interrelated transport strategies which can be jointly coordinated and developed in the context of the macro-regions; Or. de Amendment 55 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 7 b (new) Draft opinion Amendment 7b. Is concerned that climate change can give rise to hydrogeological instability PE607.956v01-00 28/36 AM\1130194EN.docx EN and threaten biodiversity in the Alpine Region; underlines that rising temperatures are a serious threat to the survival of species' populations living at high altitudes, and that the melting of glaciers is a further cause for concern, as it has a major impact on groundwater reserves; Or. en Amendment 56 Ulrike Müller Draft opinion Paragraph 7 b (new) Draft opinion Amendment 7b. Stresses that the Alpine region's tourism and ***agricultural*** sector are key stakeholder for the regional sustainable development and therefore should be integrated at all stages of the implementation of environmental projects; Or. en Amendment 57 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 7 c (new) Draft opinion Amendment 7c. Considers it essential to pursue climate change policies encompassing production and consumption patterns that are in line with the circular economy principles and shorter cycles in the food supply chain, and to place the emphasis AM\1130194EN.docx 29/36 PE607.956v01-00 EN on the rational use and reuse of local materials and natural resources, including wastewater and ***agricultural*** waste, and on the sharing of services encouraged by green public procurement, and fostering close links between ***producers*** and consumers at local level; Or. en Amendment 58 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 7 d (new) Draft opinion Amendment 7d. Notes that the first steps in the implementation of the EUSALP strategy have shown that its integration into the existing ***programmes*** has proven difficult, as they are governed by structures, frameworks and timeframes which are often incompatible with the needs of a macro-regional strategy; Or. en Amendment 59 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 7 e (new) Draft opinion Amendment 7e. Calls on the participant countries to reinforce their commitment, continuity, stability, empowerment and support to the EUSALP Action Group members who will represent them, and to make sure that all PE607.956v01-00 30/36 AM\1130194EN.docx EN Action Groups are adequately represented; Or. en Amendment 60 Merja Kyllönen Draft opinion Paragraph 8 Draft opinion Amendment 8. Considers that further efforts are needed to tackle the environmental challenges faced in the Baltic macro-region, and in particular as regards eutrophication, better protection of the sea itself, air quality and pollution. deleted Or. fi Amendment 61 Ulrike Müller Draft opinion Paragraph 8 Draft opinion Amendment 8. Considers that further efforts are needed to tackle the environmental challenges faced in the Baltic macro-region, and in particular as regards eutrophication, better protection of the sea itself, air quality and pollution. 8. Welcomes the implementation of environmentally beneficial projects in the Baltic region, such as 'BLASTIC' to reduce marine littering, the Climate Dialogue platform to strengthen an integrated response to climate challenges and 'PRESTO' to improve water quality; however, considers that further efforts are needed to tackle the environmental challenges faced in the Baltic macro-region, and in particular as regards eutrophication, better protection of the s

ea itself, air quality and pollution. AM\1130194EN.docx 31/36 PE607.956v01-00 EN Or. en Amendment 62 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 8 a (new) Draft opinion Amendment 8a. Points out that the environmental state of the Baltic Sea has remained the main focus of the EUSBSR since its launch in 2009; Or. en Amendment 63 Merja Kyllönen Draft opinion Paragraph 8 a (new) Draft opinion Amendment 8a. Recalls that the Baltic Sea is one of the most polluted seas in the world; stresses the importance of cooperation to improve the state of the Baltic Sea; calls for neighbourhood ***programmes*** to continue throughout the Baltic Sea catchment area and to include in them funding by means of which the state of the environment can be improved throughout the catchment area; Or. fi Amendment 64 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu PE607.956v01-00 32/36 AM\1130194EN.docx EN Draft opinion Paragraph 8 b (new) Draft opinion Amendment 8b. Notes that achieving a good environmental status by 2020 is one of the key objectives of policy actions in the Baltic Sea Region; Or. en Amendment 65 Merja Kyllönen Draft opinion Paragraph 8 b (new) Draft opinion Amendment 8b. Considers it deplorable from the point of view of the marine macro-regions that ships can discharge untreated effluent into the sea if they are more than 12 nautical miles (approximately 22 km) from the coast and that treated effluent can even be discharged into the water three nautical miles (approximately 5.5 km) from the coast; calls for funding to be provided to increase the reception capacity for effluent at ports so that all passenger vessels can treat their effluent as required by the revised Annex IV to the MARPOL Convention; Or. fi Amendment 66 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 8 c (new) AM\1130194EN.docx 33/36 PE607.956v01-00 EN Draft opinion Amendment 8c. Calls on all stakeholders to organise more frequent and regular political discussions on the EUSBSR at national level within the Parliament or Government, and also within the Council at the relevant Ministerial meetings; Or. en Amendment 67 Merja Kyllönen Draft opinion Paragraph 8 c (new) Draft opinion Amendment 8c. Welcomes, from the point of view of the Baltic macro-region, the Sulphur Directive adopted by the EU and the decision by the Marine Environment Protection Committee of the International Maritime Organisation (IMO) of 27 October 2016 to designate the Baltic Sea and the North Sea an NOxEmission Control Area (NECA);recalls that the unclean fuels used by vessels are still resulting in the emission of large quantities of nitrogen and sulphur into the air, from where it falls out into the sea; Or. fi Amendment 68 Biljana Borzan, Nessa Childers, Nicola Caputo, Daciana Octavia Sârbu, Massimo Paolucci, Damiano Zoffoli, Claudiu Ciprian Tănăsescu Draft opinion Paragraph 8 d (new) PE607.956v01-00 34/36 AM\1130194EN.docx EN Draft opinion Amendment 8d. Notes that the EUSBSR is a stable cooperation framework with more than 100 flagship initiatives and new networks; nevertheless, urges stakeholders to maintain its momentum and to improve policy coordination and content by building on project results; Or. en Amendment 69 Merja Kyllönen Draft opinion Paragraph 8 d (new) Draft opinion Amendment 8d. Considers it important to review the permission for users of open-loop sulphur scrubbers to discharge sulphur-scrubbing water back into the sea; observes that effluent from closed-loop sulphur scrubbers has to be delivered for treatment, but that effluent from open-loop scrubbers is discharged directly back into the sea, creating a greenwash operational model, in which sulphur is removed from the air but ends up in the sea; Or. fi Amendment 70 Merja Kyllönen Draft opinion Paragraph 8 e (new) Draft opinion Amendment 8e. Recalls the importance of safety at AM\1130194EN.docx 35/36 PE607.956v01-00 EN sea, particularly in the Baltic; stresses the importance of cooperation among the countries of the Baltic region in order to tackle the challenges arising from the growing volume of maritime transport and particularly conveyance of oil and hazardous substances; Or. fi Amendment 71 Merja Kyllönen Draft opinion Paragraph 8 f (new) Draft opinion Amendment 8f. Recalls that Blue Growth in marine macro-regions is based on sustainable use of the potential of the seas, which means that the environmental aspect must be taken into account in all activities; recalls that, within the framework of the Blue Bioeconomy, it is possible to find new products and services and to develop and cultivate know-how based on them in order to promote employment; stresses that sustainable use of natural resources and favourable status of aquatic and marine environments create a strong foundation for the Blue Bioeconomy; Or. fi Amendment 72 Merja Kyllönen Draft opinion Paragraph 8 g (new) Draft opinion Amendment PE607.956v01-00 36/36 AM\1130194EN.docx EN 8g. Stresses the significant shift towards the bioeconomy and the circular economy in economic thinking, modes of action and methods, which can help to tackle the environmental challenges in the Baltic; recalls the opportunities for exploiting renewable energy and improving energy efficiency in the Baltic region; Or. fi Amendment 73 Merja Kyllönen Draft opinion Paragraph 8 h (new) Draft opinion Amendment 8h. Attaches importance to the possibility of connecting the Baltic region to energy networks in order to reduce and eliminate energy poverty and to increase energy security and security of supply; Or. fi

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[***Moody's takes action on eight South African corporates following sovereign downgrade and outlook change***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P51-9C71-F0YC-N529-00000-00&context=1516831)

Impact Financial News

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**Body**

New York City: Moody's Investors Service has issued the following news release:

Moody's Investors Service has taken rating actions on eight South African corporates.

Today's rating actions on eight South African corporates follow the weakening of the South African government's credit profile, as captured by Moody's similar rating action on the sovereign rating on 9 June 2017. For further information, refer to the sovereign press release [*https://www.moodys.com/research/-PR\_367769*](https://www.moodys.com/research/-PR_367769)

Moody's downgraded to Baa3 from Baa2 the long-term issuer ratings and changed the outlooks to negative from ratings under review of:

• The Bidvest Group Limited

• Growthpoint Properties Limited

Moody's has affirmed the Baa3 long-term issuer ratings and changed the outlooks to negative from stable of:

• Barloworld Limited

• Fortress Income Fund Limited

• Hyprop Investments Limited

• Telkom SA SOC Limited

The respective national scale ratings assigned to the above corporates as well as Consolidated Infrastructure Group Limited and Kagiso Tiso Holdings Proprietary Limited were affected by the revised national scale mapping table for South Africa.

A complete list of rating actions can be found at the end of this press release.

RATINGS RATIONALE

-- DOWNGRADE TO Baa3 ISSUER RATINGS OF BIDVEST AND GROWTHPOINT; CHANGE OF OUTLOOK TO NEGATIVE FROM RATING UNDER REVIEW

The downgrade of the issuer ratings to Baa3 from Baa2 and change of outlook on the ratings of The Bidvest Group Limited and Growthpoint Properties Limited to negative from ratings under review follows the downgrade and change of outlook on the South African government sovereign rating to Baa3/ negative and reflects the credit linkages of these corporates to the South African economy and their material exposure to the domestic operating environment. This concluded the review initiated by Moody's on 4 Apr 2017. The negative outlook reflects the uncertainty surrounding political developments in South Africa that has translated into depressed consumer and business confidence which flows through to lower growth prospects for these corporates.

THE BIDVEST GROUP LIMITED

The Bidvest Group Limited's (Bidvest or the Group) Baa3/Aa1.za long-term issuer ratings reflect the Group's (1) stable operational and financial profile; (2) diversified sources of revenue across a range of businesses; (3) low financial debt leverage, with healthy interest cover and good cash flow generation in the context of the high volume, low margin nature of many of its activities; and (4) experienced management team with a successful track record of organic growth and growth through acquisitions, which have been effectively integrated into the Bidvest network while being managed on a decentralized basis.

The rating is mainly constrained by (1) low growth environment, and weak business and consumer sentiment in South Africa (Baa3 negative); (2) event risk from debt-financed acquisitions that may overstretch current leverage levels; and (3) limited geographic diversification. The ratings also consider the credit linkage to the South African government bond rating given Bidvest's concentration in South Africa following its unbundling of its international Foodservices business.

As of 31 December 2016, Bidvest's approaching debt maturities and other cash demands, including capital expenditure, working capital requirements and dividend payments over the next 12 to 18 months are sufficiently covered by (1) positive operating cash flow generation; (2) existing cash and cash equivalents balances of ZAR3.6 billion (US$0.26 billion); (3) ZAR1.9 billion (US$0.14 billion) of marketable securities; and (4) unutilized 360-day committed lines of approximately ZAR8 billion (US$0.58 billion).

GROWTHPOINT PROPERTIES LIMITED

Growthpoint Properties Limited's ('Growthpoint' or the 'Company') Baa3/Aaa.za long-term issuer ratings are supported by its strong market position as the largest primary listed REIT company in South Africa. The ratings are also based on the significant property portfolio size and quality that benefits from an active internal management team and ***produces*** solid, recurring rental income underpinned by (1) medium- to long-term leases; (2) contractual annual rent escalation clauses above inflation; (3) low vacancy rates; and (4) diversification by tenant base and property sector. The portfolio is geographically concentrated in the province of Gauteng, South Africa, but substantial investments over the past three years in Australia (Aaa stable), in Cape Town, South Africa, and more recently central and eastern Europe have broadened its geographical base. The ratings also factor Moody's expectation that Growthpoint's development activity will increase as tenant demand in South Africa improves but that the company will continue to limit development risk to only a moderate exposure and that its projects will be predominantly pre-let.

A constraining factor on the ratings is (1) the credit linkages to the government of South Africa given Growthpoint's operational concentration in South Africa, with 73% property exposure and 84% of distributable income derived from operations within South Africa; (2) the high proportion of debt that is secured equivalent to 73% of total debt; as well as (3) the low level of unencumbered assets to gross assets of 33%. A further constraint is the sizable approaching debt maturities over the next three years of around 62%. We note that Growthpoint has in the past been successful in addressing approaching debt maturities around 12 months before the maturity date. All data points are as of the last twelve months (LTM) to 31 December 2016 unless expressly stated otherwise and as per Moody's standard adjustments.

-- AFFIRMATION OF Baa3 ISSUER RATINGS OF BARLOWORLD; FORTRESS INCOME FUND; HYPROP INVESTMENTS; AND TELKOM SA WITH A NEGATIVE OUTLOOK

The change of outlook on the ratings of these corporates follows the change of outlook on the Baa3 sovereign rating of South Africa and reflects the credit linkages of these corporates with the South African economy and their material exposure to the domestic operating environment. The negative outlook reflects the uncertainty surrounding political developments in South Africa that has translated into depressed consumer and business confidence which flows through to lower growth prospects for these corporates.

BARLOWORLD LIMITED

Barloworld Limited's (Barloworld) Baa3/Aa1.za long-term issuer ratings recognise its leading competitive positions in the markets it operates in and is supported by strong brand offerings and stable long term relationships with its principal suppliers. The ratings also consider Barloworld's diversified product mix and its resilient business model whereby its integrated after sales support segments are able to soften the impact from the decline in new equipment and vehicle sales during cyclical downturns.

Barloworld's credit metrics have historically been relatively stable and are supported by the company's ongoing commitment to balanced financial policies. While adjusted debt/EBITDA of 2.2x is strongly positioned within the rating category, Barloworld's EBIT/interest expense cover of 3.2x and operating margin of 6.8% are weakly positioned (as of the last twelve months (LTM) to 31 March 2017) leaving it susceptible to weaker operating performance and a rising interest rate environment. The ratings also consider Barloworld's good liquidity position resulting from its favourable debt maturity profile.

Barloworld's ratings are constrained by its exposure to (1) the Sub-Saharan African and Russian markets, leaving it exposed to the weak economic conditions of these countries; and (2) more cyclical mining, ***agricultural***, construction and motor related industries which are currently experiencing volatile global commodity prices and weaker local consumer environments. In addition, Barloworld is exposed to key supplier risk as most of its operations depend on its position as the principal agent for a number of high profile brands such as Caterpillar Inc. (A3 stable). This is mitigated by its long term relationships and close ***strategic*** alignment as well as, in some cases, its fixed term contractual agreements with its principals, which we expect to continue.

FORTRESS INCOME FUND LIMITED

Fortress Income Fund Limited's (Fortress or the Fund) Baa3/Aa1.za long-term issuer ratings are underpinned by its niche sector exposure to regional retail centres along key transportation nodes and recently acquired high quality logistics properties across South Africa, which ***produce*** stable recurring income underpinned by positive rental increases and moderate to low vacancy rates (6.0% as of 31 December 2016).

The rating is also supported by (1) its moderate scale relative to peers across EMEA with gross assets totalling ZAR59.7 billion (USD3.5 billion); (2) strong credit metrics for its rating level which include low leverage, as measured by adjusted total debt / gross assets of 24.4% and moderate fixed charge coverage, as measured by adjusted year-to-date EBITDA / (interest expense plus capitalised interest) of 2.9x; (3) a broadly diversified portfolio by property sector, tenants and location with offshore listed investments providing Rand hedged foreign currency cash flows; and (4) financial flexibility to pursue debt funded investments or accommodate a moderate downturn on the portfolio.

At the same time, the ratings assigned also factor (1) exposure to a slowing South African economy, notably through its income exposure to regional shopping centres (approximately 36% of total monthly rental income) where the tenants are exposed to lower LSM (living standards measure) shoppers who are more sensitive to the state of the South African economy; (2) its equity stakes in listed local and offshore property investments, which expose the Fund to market volatility, given it represents 50% of total tangible assets; (3) a high level of secured debt at 89% of total gross debt in its capital structure and a moderate percentage of gross assets that are encumbered of 48.8%, and (4) a high proportion of debt maturing in the next three years (46% of total outstanding debt).

HYPROP INVESTMENTS LIMITED

Hyprop Investments Limited's (Hyprop) Baa3/Aa1.za long-term issuer ratings are supported by the high quality retail portfolio, which benefits from active management ***producing*** solid, recurring retail income, supported by low vacancies (1.1% as of 31 December 2016) and well-positioned retail assets. The ratings also incorporate moderately positioned credit metrics as measured by total debt-to-gross assets of 34.7% and high fixed-charge cover of 3.5x (according to our standard definitions and adjustments, as of LTM to 31 December 2016) and factor in Hyprop's conservative approach to development risk.

At the same time, the ratings assigned also factor (1) the moderate size of the portfolio and smaller scale of operations relative to local peers, as measured by total assets; (2) the high exposure to the retail sector, as well as high geographic concentration in the Gauteng province (52% of the South African property assets); (3) the small but growing exposure to retail properties across the rest of Africa and Central and Eastern Europe (currently Ghana (B3 stable), Zambia (B3 negative), Nigeria (B1 stable), Serbia (Ba3 stable) and Montenegro (B1 negative)), which improves diversification but increases Hyprop's operational risk and; (4) high percentage of secured debt (75% of total debt) in its capital structure and the high percentage of gross assets that are encumbered (64.3% as a percentage of gross assets). All figures are as of the last 12 months (LTM) to 31 December 2016 and adjusted per Moody's standard definitions and adjustments.

TELKOM SA SOC LIMITED

Telkom SA SOC Limited's (Telkom) Baa3/Aa1.za long-term issuer ratings reflect the application of our rating methodology for government-related issuers (GRI) that takes into account Telkom's ***strategic*** importance to the South African economy, resulting in our assessment of high default dependence and moderate support from the South African government and baseline credit assessment (BCA) of baa3, which results in a Baa3 rating and negative outlook that is in line with the government of South Africa bond ratings and outlook.

Telkom's BCA of baa3 continues to reflect the transformation process of its business model and the execution challenges faced through (1) its strategies to increase adoption of information communication technology (ICT) among its business customers; (2) customer service improvements; and (3) network upgrades for its improved bundled offerings. The current BCA is also based on Telkom's low leverage and overall strong credit metrics for the rating category. This offsets to some degree Telkom's operating and competitive challenges, as well as the larger capital investments required to deliver on its key strategies for the upcoming years. The rating further assumes that Telkom will not experience any difficulties in terms of liquidity, refinancing or funding and so will be able to meet its financial and operating commitments. To the extent these would arise, further downward pressure would be exerted on the rating or outlook. However, we recognise the company's position as a leading telecommunications operator, with a leading market position in South Africa's fixed-line business and a growing presence in broadband and mobile offerings.

-- RAISED THE NATIONAL SCALE CORPORATE FAMILY RATINGS OF CIG AND KTH WITH A STABLE OUTLOOK

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED

Consolidated Infrastructure Group's (CIG) Ba2/A1.za global and national scale corporate family ratings reflect (1) CIG's position as a leading niche market player in Sub-Saharan Africa, with over 29 years of operating experience in its core business, Conco; (2) its strong market position in most of the sub-sectors in which it operates; (3) a growing order book of ZAR6.6 billion (US$505 million), creating good visibility for the next 12 to 18 months; and (4) strong energy infrastructure spend fundamentals throughout Africa. In addition, the ratings are also supported by moderate financial metrics with leverage (as measured by adjusted debt/EBITDA) of 2.7x as of last 12 months to 28 February 2017.

These considerations are partially offset by (1) the small size of the Group when compared to its larger global peers; (2) the weaker institutional strength (risk of doing business) of the rest of Africa (41% of Group revenue) relative to South Africa; (3) reliance on key customers within its Conco operations (the top 10 customers represent 51% of the pipeline); (4) cyclical operating environment experienced by its building divisions (11% of Group revenues); and (5) exposure to contingent liabilities totalling ZAR1.9 billion in the form of outstanding performance guarantees, although Moody's acknowledges that over the last 29 years no performance guarantees have been exercised by a customer.

The stable outlook reflects Moody's view that CIG will continue to maintain its current operating profile in terms of EBITDA margins and manage working capital demands in the face of a more challenging economic environment, sustain a healthy order book going forward and continue to maintain a sound liquidity profile at all times.

KAGISO TISO HOLDINGS PROPRIETARY LIMITED

Kagiso Tiso Holdings Proprietary Limited's (KTH's) Ba2 global Corporate Family Rating (CFR) and A2.za national scale CFR are supported by (1) the scale of its investment portfolio with a combined gross total portfolio value of around ZAR13.9 billion, as at 30 June 2016; (2) its moderate level of market value leverage (defined as: net debt / estimated market value of portfolio of assets) of approximately 32.3% for financial year ending (FYE) 30 June 2016; (3) its increased influence and control of key investments; (4) the track record that KTH has developed in pursuing a conservative approach to its investment strategy and financial policies; and (5) black ownership credentials driving future value accretive transactions.

KTH's ratings also factor (1) its high concentration of investments within South Africa, which are exposed to a challenging macro-economic environment; (2) our expectation that KTH's asset concentration will remain constrained as it focuses on key pillar investments, which could also begin to limit its business sector diversification; (3) a weakening interest coverage of 1.4x as of 30 June 2016 (calculated as: (funds from operations at the holding company + interest expense) / interest expense) and the risk that, in a liquidity constrained environment, debt serviceability of the debt at the centre could be adversely impacted if investee companies reduce or discontinue dividend payments; and (4) KTH's complex shareholding structure of individual investments.

The stable outlook is based on our expectation that KTH will continue to build a track record of sound corporate and financial governance, accompanied by transparent monitoring and reporting. The outlook also assumes that there will be no material change in KTH's market value leverage, asset concentration and business diversity. In addition, the outlook assumes KTH's liquidity profile does not deteriorate.

WHAT COULD CHANGE THE RATINGS UP/DOWN

THE BIDVEST GROUP LIMITED

As a result of the high degree of rating linkage to the South African government bond rating any future rating pressure on Bidvest's ratings and outlook will have to be considered in the context of the South African long term bond rating position and outlook at the time.

Subject to the South African government bond rating, Moody's would consider an upgrade if: (1) Bidvest is able to grow in size and geographic diversification; (2) Moody's adjusted gross debt to EBITDA is materially under 3.0x on a sustainable basis; (3) Moody's adjusted EBITA to interest expense is well above 4.0x; and (4) Bidvest maintains positive sustainable free cash flow.

Moody's would consider a downgrade if one or a combination of the following occurs (1) erosion in operating performance or higher debt levels such that Moody's adjusted EBITA to interest expense remains sustainably below 3.5x or Moody's adjusted gross debt to EBITDA trends sustainably above 3.0x; (2) failure to maintain a good liquidity profile with sizable cash balances; (3) Free cash flows are negative; or (4) a downgrade of the South African sovereign bond rating.

GROWTHPOINT PROPERTIES LIMITED

We do not expect any further upward rating action as Growthpoint's rating is likely to be constrained at the same level as South Africa's government bond rating given the bulk of Growthpoint's cash flows and property exposure are derived in South Africa.

Any positive rating action would further depend on financial metrics such that (1) leverage as measured by debt to gross assets is around 35% on a sustainable basis; (2) fixed charge cover is above 3.0x; and (3) the level of unencumbered assets to gross assets improves towards 40% while maintaining the level of secured debt to gross assets around 25% or below.

Growthpoint's rating would come under downward pressure in the event that any of the following (1) South Africa's government bond rating is downgraded from Baa3; (2) the company's liquidity risk profile deteriorates; (3) unexpected difficulties integrating acquisitions that negatively impact operational and cash flow performance; (4) leverage in terms of total debt to gross assets trends towards 40%; (5) fixed charge coverage (as measured by EBITDA to interest expense) trends towards 2.0x; or (6) if secured debt to property assets exceeds 30% or there is a material decline in unencumbered assets from the current levels.

BARLOWORLD LIMITED

We do not expect any further upward rating action as Barloworld's rating is likely to be constrained at the same level as South Africa's government bond rating given the bulk of Barloworld's cash flows operational exposure is derived in South Africa and the rest of Africa.

Subject to the government of South Africa's bond rating, Moody's would consider an upgrade if Barloworld (1) is able to grow in size and geographic diversification, while maintaining its financial performance under challenging operating conditions; (2) adjusted debt/EBITDA were to fall below 2.0x and EBIT / interest increases above 4.0x; and (3) a positive and sustainable free cash flow position.

Pressure on the ratings would develop following a (1) downgrade of the government of South Africa's bond rating; (2) operating performance were to weaken, to the extent there are revenue and operating margin declines translating into weaker debt protection measures such that debt / EBITDA rises above 3.0x or its EBIT/ interest expense falls below 2.5x for an extended period of time; and (3) if the company's liquidity risk profile deteriorates.

FORTRESS INCOME FUND LIMITED

We do not expect any further upward rating action as Fortress' rating is likely to be constrained at the same level as South Africa's government bond rating given the bulk of Fortress' net income (80%) and property exposure (59%) are derived in South Africa.

Any positive rating action would further depend on (1) the Fund continuing to exhibit growing revenues, improving operating margins and demonstrating prudent operating policies; (2) leverage, as measured by adjusted total debt/gross assets, remains at around 25%; (3) fixed charge cover remains above 3.0x; and (4) percentage of unencumbered assets to total assets demonstrates an increasing trend over time.

Fortress' rating would come under downward pressure in the event that any of the following (1) South Africa's government bond rating is downgraded from Baa3; (2) Fortress' failure to address near term debt maturities in a timely manner; (3) Increasing reliance on income and/or asset value from listed investments; (4) debt-financed acquisition or adverse changes in its portfolio, such that leverage in terms of adjusted total debt to gross assets is trending towards 35% or fixed charge coverage approaches 2.5x; or (5) unexpected operating difficulties that negatively affect operational performance or cash flows.

HYPROP INVESTMENTS LIMITED

We do not expect any further upward rating action as Hyprop's rating is likely to be constrained at the same level as South Africa's government bond rating given the bulk of Hyprop's net income (92%) and property exposure (82%) are derived in South Africa.

Any positive rating action would further depend on strengthening financial metrics such that Hyprop (1) continues to grow scale with stable operating margins and broaden its geographic footprint into jurisdictions with strong credit profiles; (2) follows prudent financial and operating policies; (3) maintains overall strong liquidity profile with ample headroom on its covenants; (4) were to maintain leverage - as measured by adjusted total debt/gross assets - below 30% on a sustainable basis.

Hyprop's rating would come under downward pressure in the event that any of the following (1) South Africa's government bond rating is downgraded from Baa3; (2) Hyprop's failure to maintain an adequate liquidity profile; (3) Debt-financed acquisition or change in capital structure, such that leverage in terms of adjusted total debt/gross assets is trending above 35% or fixed-charge coverage trends below 3.0x on a sustainable basis; or (4) Unexpected operating difficulties that negatively affect operational performance or cash flows.

TELKOM SA SOC LIMITED

As a result of the high degree of rating linkage to the South African government bond rating any future rating pressure on Telkom's ratings and outlook will have to be considered in the context of the South African long term bond rating position and outlook at the time.

Subject to the South African government bond rating, Moody's would consider an upgrade if (1) Telkom is successful in its turnaround strategy to diversify the business away from the structural decline in voice revenues, (2) right sizes its cost base and demonstrates that its mobile business remain profitable such that the company's consolidated EBITDA margin is on an improving trajectory above 30% on an adjusted basis.

Negative pressure on Telkom's rating or outlook will be prompted by higher-than-expected competitive threats or execution challenges in its mobile offering or bundled services that leads towards further operating margin declines. Quantitatively, negative pressure is likely if EBITDA margin falls and is sustained below 20% (for the LTM to 30 September 2016 - 28.2%) and/or if leverage, as measured by debt/EBITDA increases towards 2.5 times (for the LTM to 30 September 2016 -- 0.8x). Negative pressure would also arise if the company sustained retained cash flow/total debt below 25% (currently above 110%) as a result of higher debt levels or dividend distribution. All metrics are according to our standard definitions and analytic adjustments.

In addition to the factors listed above affecting its BCA, Telkom's ratings may be negatively affected by changes in the ratings of the supporting Government, or by changes in our assessments of default dependence and support described in the rating rationale.

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED

CIG's rating could be upgraded if (1) CIG's track record as a rated entity builds; (2) CIG significantly improves in terms of size and sector diversification (3) client concentration exposure reduces; and (4) evidence that financial performance under more challenging operating conditions is maintained.

A downgrade could be driven by (1) leverage in terms of gross debt/EBITDA exceeding 3.0x and/or EBIT/ Interest expense falling below 3.0x, both on a sustainable basis; (2) free cash flow-to-gross debt is negative; (3) Unexpected operating difficulties that negatively affect operational performance or cash flows and (4) CIG's liquidity profile deteriorating.

KAGISO TISO HOLDINGS PROPRIETARY LIMITED

Positive pressure on KTH's rating could build over time as a result of (1) a decrease in market value leverage closer to 30%, on a sustained basis, accompanied with the removal of BEE lock-in clauses from its larger investments and a simplification of some of the more complex investment structures; (2) improved interest coverage above 2.5x, on a sustained basis; (3) a consistent track record of prudent financial policies; (4) improved corporate governance standards in terms of more frequent and transparent reporting of third-party independent investment valuations and overall investment strategy; and (5) prudent investment strategy over the longer term without significant volatilities or spikes in market-value based leverage.

Moody's would also view positively a staggered debt maturity profile accompanied by a diverse funding mix.

Negative pressure on KTH's ratings could arise should (1) market value leverage trend towards 40%; (2) the interest coverage ratio sustainably weaken towards 1.5x and/or does not remain supported by solid liquidity for meeting debt maturities and committed cash outlays; (3) any general deterioration in KTH's current disclosure standards; and (4) a change in investment strategy towards capital allocation to more volatile investments with greater underlying business and liquidity risk.

List of affected ratings:

Raised:

..Issuer: Kagiso Tiso Holdings Proprietary Limited

.... NSR Corporate Family Rating, Raised to A2.za from Baa1.za

.... NSR ST Issuer Rating, Raised to P-1.za from P-2.za

..Issuer: Consolidated Infrastructure Group Limited

.... NSR ST Issuer Rating, Raised to P-1.za from P-2.za

.... NSR Corporate Family Rating, Raised to A1.za from A3.za

..Issuer: Telkom SA SOC Limited

.... NSR LT Issuer Rating, Raised to Aa1.za from Aa2.za

..Issuer: Barloworld Limited

.... NSR LT Issuer Rating, Raised to Aa1.za from Aa3.za

..Issuer: Fortress Income Fund Limited

.... NSR LT Issuer Rating, Raised to Aa1.za from Aa3.za

..Issuer: Hyprop Investments Limited

.... NSR LT Issuer Rating, Raised to Aa1.za from Aa3.za

Downgrades:

..Issuer: Bidvest Group Limited, The

.... ST Issuer Rating, Downgraded to P-3 from P-2, on review for downgrade

.... LT Issuer Rating, Downgraded to Baa3 from Baa2, on review for downgrade

..Issuer: Growthpoint Properties Limited

.... ST Issuer Rating, Downgraded to P-3 from P-2, on review for downgrade

.... LT Issuer Rating, Downgraded to Baa3 from Baa2, on review for downgrade

....Senior Unsecured Medium-Term Note ***Program***, Downgraded to (P)P-3 from (P)P-2, on review for downgrade

....Senior Unsecured Medium-Term Note ***Program***, Downgraded to (P)Baa3 from (P)Baa2, on review for downgrade

....Senior Unsecured Regular Bond/Debenture, Downgraded to P-3 from P-2, on review for downgrade

....Senior Unsecured Regular Bond/Debenture, Downgraded to Baa3 from Baa2, on review for downgrade

Affirmations:

..Issuer: Bidvest Group Limited, The

.... NSR ST Issuer Rating, Affirmed P-1.za

.... NSR LT Issuer Rating, Affirmed Aa1.za

..Issuer: Telkom SA SOC Limited

.... LT Issuer Rating, Affirmed Baa3

..Issuer: Barloworld Limited

.... ST Issuer Rating, Affirmed P-3

.... LT Issuer Rating, Affirmed Baa3

.... NSR ST Issuer Rating, Affirmed P-1.za

..Issuer: Fortress Income Fund Limited

.... ST Issuer Rating, Affirmed P-3

.... LT Issuer Rating, Affirmed Baa3

.... NSR ST Issuer Rating, Affirmed P-1.za

..Issuer: Growthpoint Properties Limited

.... NSR ST Issuer Rating, Affirmed P-1.za

.... NSR LT Issuer Rating, Affirmed Aaa.za

.... NSR Senior Unsecured Medium-Term Note ***Program***, Affirmed (P)Aaa.za

.... NSR Senior Unsecured Medium-Term Note ***Program***, Affirmed (P)P-1.za

..Issuer: Hyprop Investments Limited

.... ST Issuer Rating, Affirmed P-3

.... LT Issuer Rating, Affirmed Baa3

.... NSR ST Issuer Rating, Affirmed P-1.za

Outlook Actions:

..Issuer: Kagiso Tiso Holdings Proprietary Limited

....Outlook, Remains Stable

..Issuer: Bidvest Group Limited, The

....Outlook, Changed To Negative From Rating Under Review

..Issuer: Consolidated Infrastructure Group Limited

....Outlook, Remains Stable

..Issuer: Telkom SA SOC Limited

....Outlook, Changed To Negative From Stable

..Issuer: Barloworld Limited

....Outlook, Changed To Negative From Stable

..Issuer: Fortress Income Fund Limited

....Outlook, Changed To Negative From Stable

..Issuer: Growthpoint Properties Limited

....Outlook, Changed To Negative From Rating Under Review

..Issuer: Hyprop Investments Limited

....Outlook, Changed To Negative From Stable

PRINCIPAL METHODOLOGIES

The principal methodology used in rating Bidvest Group Limited, The was Business and Consumer Service Industry published in October 2016.

The principal methodology used in rating Consolidated Infrastructure Group Limited was Construction Industry published in March 2017.

The principal methodology used in rating Kagiso Tiso Holdings Proprietary Limited was Investment Holding Companies and Conglomerate published in December 2015.

The principal methodology used in rating Barloworld Limited was Retail Industry published in October 2015.

The methodologies used in rating Telkom SA SOC Limited were Telecommunications Service Providers published in January 2017, and Government-Related Issuers published in October 2014.

The principal methodology used in rating Fortress Income Fund Limited, Growthpoint Properties Limited and Hyprop Investments Limited was Global Rating Methodology for REITs and Other Commercial Property Firms published in July 2010.

Please see the Rating Methodologies page on [*www.moodys.com*](http://www.moodys.com) for a copy of these methodologies.

Moody's National Scale Credit Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale credit ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a '.nn' country modifier signifying the relevant country, as in '.za' for South Africa. For further information on Moody's approach to national scale credit ratings, please refer to Moody's Credit rating Methodology published in May 2016 entitled 'Mapping National Scale Ratings from Global Scale Ratings'. While NSRs have no inherent absolute meaning in terms of default risk or expected loss, a historical probability of default consistent with a given NSR can be inferred from the GSR to which it maps back at that particular point in time. For information on the historical default rates associated with different global scale rating categories over different investment horizons, please see [*https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\_1060333*](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1060333).

THE BIDVEST GROUP LIMITED

Founded in 1988 and based in Johannesburg, South Africa, The Bidvest Group Limited is a service, trading and distribution company with operations in South Africa and Namibia. Its businesses operates nine divisions: Automotive, Commercial Products, Electrical, Financial Services, Freight, Office & Print, Services, Bidvest Namibia (Namibia Commercial and Fisheries) and Bidvest Corporate (property portfolio and associate investments). On 30 May 2016, Bidvest unbundled its international Foodservices business making it a predominantly South African focused company.

GROWTHPOINT PROPERTIES LIMITED

Growthpoint Properties Limited was established in 1987 and is the largest primary listed Real Estate Investment Trust (REIT) by gross assets (ZAR126 billion or US$9.2 billion) and by market capitalisation (ZAR73.3 billion or US$5.4 billion) in South Africa. Its activities focus on a portfolio of 473 retail, office and industrial properties that are geographically diversified across South Africa (Baa3 negative). Growthpoint also holds a 65% controlling stake in Growthpoint Properties Australia Ltd (Growthpoint Australia) (Baa2 stable - senior secured), which currently owns 59 properties valued at AUS$3.1 billion (ZAR31.6 billion or US$2.3 billion) and a 50% of the V&A Waterfront in Cape Town valued at ZAR7.9 billion (US$0.6 billion).

BARLOWORLD LIMITED

Barloworld, headquartered in South Africa, is a leading distributor and after sales support provider of heavy equipment and motor vehicles for leading international brands across Sub Saharan Africa, Russia and Iberia. It also provides integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise of (1) Equipment which provides end to end solutions across the value chain on behalf Caterpillar Inc. to the mining, construction, industrial sectors; (2) Automotive which operates the motor retail, car rental, and fleet management services; and (3) Logistics which provide logistics management transport and supply chain optimisation.

FORTRESS INCOME FUND LIMITED

Fortress Income Fund Limited is a hybrid Real Estate Investment Trust listed on the Johannesburg Stock Exchange (JSE). Fortress owns and operates commercial properties across South Africa (Baa3 negative), as well as invests in listed property securities in South Africa, Europe and the United Kingdom. Fortress' direct properties comprise predominately of regional retail centres close to public transport nodes and logistics warehouses across South Africa.

HYPROP INVESTMENTS LIMITED

Hyprop Investments Limited is one of South Africa's largest Johannesburg Stock Exchange (JSE) listed specialist shopping centre Real Estate Investment Trust ('REIT'), and one of South Africa's oldest listed property companies (1988). Its activities include direct investments in predominately retail property assets in South Africa, and a growing exposure to retail properties in Sub-Saharan African (excluding South Africa) and more recently Central and Eastern Europe. Hyprop's head office is in Johannesburg, South Africa.

As of 31 December 2016, Hyprop's investment in South Africa consisted of 16 properties valued at ZAR28.1 billion ($2.1 billion), and investments totalling ZAR3.1 billion ($226 million) in Sub-Saharan Africa and ZAR[1.9 billion] ($120 million) in Central and Eastern Europe.

TELKOM SA SOC LIMITED

Telkom SA SOC Limited is the dominant South African fixed-line and the fourth incumbent mobile operator which controls approximately 3.0 million telephone access lines, most of which are connected to digital exchanges and 4.0 million active mobile subscribers, representing around 5% of the South African mobile market. As of 31 March 2017, the company has the largest fibre network across South Africa (approx. 80% of the South African fibre network) supporting more than a million broadband subscribers.

Telkom is listed on the Johannesburg Stock Exchange and is 39.3% owned by the South African Government, 11.9% by Public Investment Corporation (PIC) and the remaining 48.8% is free float, as of 31 March 2017.

CONSOLIDATED INFRASTRUCTURE GROUP LIMITED

Consolidated Infrastructure Group Limited (CIG or the Group) has been in existence as a listed company on the Johannesburg Stock Exchange since 2007. It currently operates through four divisions across 22 sub-Saharan African countries: (1) Consolidated Power Projects (Pty) Ltd (Conco), a leading provider in South Africa and the African continent of turnkey solutions in the power and electrical industry; (2) Building Materials, comprising two businesses: West End Claybrick (Pty) Limited, a manufacturer of clay bricks and roof tiles; and Drift Supersand (Pty) Limited, a Gauteng-based supplier of aggregates (sand, gravel and stone) to various sectors in the construction industry; (3) Tension Overhead Electrification Pty Ltd (Tractionel), specialises in electrification of railways and overhead traction equipment; and (4) Angolan Environmental Services Ltd (AES), a service provider to the oil and gas rigs located off the coast of Angola.

KAGISO TISO HOLDINGS PROPRIETARY LIMITED

Headquartered in Johannesburg, South Africa, Kagiso Tiso Holdings Proprietary Limited is an investment holding company that manages a portfolio of listed and unlisted investments mostly in South Africa, with a growing investment exposure to the rest of Africa. KTH has a combined gross total portfolio value of around ZAR13.9 billion, as of FYE2016.

Glossary of Terms and Acronyms

Affirmation: An Affirmation is a public statement that the current Credit Rating assigned to an issuer or debt obligation, which is not currently under review, continues to be appropriately positioned.

Baseline Credit Assessment (BCA): Baseline credit assessments (BCAs) are opinions of issuers' standalone intrinsic strength, absent any extraordinary support from an affiliate or a government. Baseline Credit Assessments are not Credit Ratings.

Capital Expenditures or Capex: This includes gross expenditures for property, plant and equipment and intangible assets.

Corporate Family Rating: Moody's Corporate Family Ratings (CFRs) are long-term ratings that reflect the likelihood of a default on a corporate family's contractually promised payments and the expected financial loss suffered in the event of default. A CFR is assigned to a corporate family as if it had a single class of debt and a single consolidated legal entity structure.

Credit Rating: A Credit Rating is an opinion from Moody's Investors Service (MIS) regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories.

Debt: Long term debt (including liability for capital leases) plus short term debt plus current portion of long term debt. May also be adjusted to include other long term obligations, such as leases and pensions.

Default Dependence: Default dependence reflects the joint susceptibility of a Government-Related Issuer and its supporting government to adverse circumstances that simultaneously move them closer to default. Default dependence is reflected as one of four levels: low (30%), moderate (50%), high (70%) and very high (90%).

EBIT: Pre-tax income plus interest.

EBITA: EBIT plus amortisation of intangible assets. EBITA and EBITDA may be used as an indication of earnings available to service debt and capital expenses.

EBITDA: EBIT plus depreciation plus amortisation of intangible assets. EBITA and EBITDA may be used as an indication of earnings available to service debt and capital expenses.

GRI (Government-Related Issuer): GRI is an entity with full or partial government ownership or control, a special charter, or a public policy mandate from the national, regional or local government. Moody's generally uses 20% as the minimum government ownership level before considering an issuer to be a GRI.

Issuer Rating: Issuer Ratings are opinions of the ability of entities to honor senior unsecured financial counterparty obligations and contracts.

Moody's Financial Adjustments, 'Adjustments' or 'as-Adjusted' statistics: Moody's adjusts financial statements to better reflect the underlying economics of transactions and events and to improve the comparability of financial statements. Moody's computes credit-relevant ratios using adjusted data and base our debt ratings, in part, on those ratios.

National Scale Long Term Rating: Moody's long-term National Scale Ratings (NSRs) are opinions of the relative creditworthiness of issuers and financial obligations within a particular country. NSRs are not designed to be compared among countries; rather, they address relative credit risk within a given country.

National Scale Short Term Rating: Moody's short-term NSRs are opinions of the ability of issuers in a given country, relative to other domestic issuers, to repay debt obligations that have an original maturity not exceeding one year. Short term NSRs in one country should not be compared with short-term NSRs in another country, or with Moody's global ratings.

Net Debt: Debt, less cash and cash-like current assets on the balance sheet.

Operating Margin: The ratio of operating revenue less operating expenditures over operating revenue, which measures the issuer's ability to contain operating expenditures below operating revenues.

Outlook: An Outlook is an opinion regarding the likely direction of an issuer's rating over the medium term.

Rating Outlook: A Moody's rating outlook is an opinion regarding the likely rating direction over the medium term. Rating outlooks fall into four categories: Positive (POS), Negative (NEG), Stable (STA), and Developing (DEV). Outlooks may be assigned at the issuer level or at the rating level.

Rating Review: A rating review indicates that a rating is under consideration for a change in the near term. A rating can be placed on review for upgrade (UPG), downgrade (DNG), or more rarely with direction uncertain (UNC). A review may end with a rating being upgraded, downgraded, or confirmed without a change to the rating. Ratings on review are said to be on Moody's 'Watchlist' or 'On Watch'.

For further information on these definitions or on Moody's ratings symbols, please consult the Rating Symbols and Definitions document on [*www.moodys.com*](http://www.moodys.com)

REGULATORY DISCLOSURES

The rating for MDY:821785765, NSR LT Issuer Rating, ISSUER RATING, ZAR of Bidvest Group Limited, The was initially assigned on 02 Dec 2009 and the last Credit Rating Action was taken on 19 Dec 2016.

The rating for MDY:821785765, NSR ST Issuer Rating, ISSUER RATING, ZAR of Bidvest Group Limited, The was initially assigned on 24 Mar 2010 and the last Credit Rating Action was taken on 19 Dec 2016.

The rating for MDY:821785765, LT Issuer Rating, ISSUER RATING, ZAR of Bidvest Group Limited, The was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:821785765, ST Issuer Rating, ISSUER RATING, ZAR of Bidvest Group Limited, The was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY: 823118674, NSR Corporate Family Rating, ISSUER RATING, ZAR of Consolidated Infrastructure Group Limited was initially assigned on 16 Mar 2017 and the last Credit Rating Action was taken on 16 Mar 2017.

The rating for MDY: 823102129, NSR ST Issuer Rating, ISSUER RATING, ZAR of Consolidated Infrastructure Group Limited was initially assigned on 09 Mar 2012 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY: 825538328, NSR Corporate Family Rating, ISSUER RATING, ZAR of Kagiso Tiso Holdings Proprietary Limited was initially assigned on 18 Apr 2017 and the last Credit Rating Action was taken on 18 Apr 2017.

The rating for MDY: 823086032, NSR ST Issuer Rating, ISSUER RATING, ZAR of Kagiso Tiso Holdings Proprietary Limited was initially assigned on 17 Jan 2012 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY: 807720798, NSR LT Issuer Rating, ISSUER RATING, ZAR of Telkom SA SOC Limited was initially assigned on 07 Apr 2008 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY: 807720798, LT Issuer Rating, ISSUER RATING of Telkom SA SOC Limited was initially assigned on 23 Jun 2005 and the last Credit Rating Action was taken on 01 Oct 2012.

The rating for MDY: 807720798, LT Issuer Rating, ISSUER RATING, ZAR of Telkom SA SOC Limited was initially assigned on 20 Jul 2004 and the last Credit Rating Action was taken on 01 Oct 2012.

The rating for MDY:825083249, NSR LT Issuer Rating, ISSUER RATING, ZAR of Barloworld Limited was initially assigned on 02 Jun 2016 and the last Credit Rating Action was taken on 02 Jun 2016.

The rating for MDY:825083249, NSR ST Issuer Rating, ISSUER RATING, ZAR of Barloworld Limited was initially assigned on 02 Jun 2016 and the last Credit Rating Action was taken on 02 Jun 2016.

The rating for MDY:825083249, LT Issuer Rating, ISSUER RATING, ZAR of Barloworld Limited was initially assigned on assigned on 02 Jun 2016 and the last Credit Rating Action was taken on 02 Jun 2016.

The rating for MDY:825083249, ST Issuer Rating, ISSUER RATING, ZAR of Barloworld Limited was initially assigned on assigned on 02 Jun 2016 and the last Credit Rating Action was taken on 02 Jun 2016.

The rating for MDY:824813304, NSR LT Issuer Rating, ISSUER RATING, ZAR of Fortress Income Fund Limited was initially assigned on 30 Nov 2015 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:824813304, NSR ST Issuer Rating, ISSUER RATING, ZAR of Fortress Income Fund Limited was initially assigned on 30 Nov 2015 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:824813304, LT Issuer Rating, ISSUER RATING, ZAR of Fortress Income Fund Limited was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:824813304, ST Issuer Rating, ISSUER RATING, ZAR of Fortress Income Fund Limited was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:821834963, NSR LT Issuer Rating, ISSUER RATING, ZAR of Growthpoint Properties Limited was initially assigned on 20 Oct 2009 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:821834963, NSR ST Issuer Rating, ISSUER RATING, ZAR of Growthpoint Properties Limited was initially assigned on 20 Oct 2009 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:821834963, LT Issuer Rating, ISSUER RATING, ZAR of Growthpoint Properties Limited was initially assigned on 20 Oct 2009 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:821834963, ST Issuer Rating, ISSUER RATING, ZAR of Growthpoint Properties Limited was initially assigned on 20 Oct 2009 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:822614442, LT Senior Unsecured, BOND, ZAR of Growthpoint Properties Limited was initially assigned on 17 Jun 2011 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:822614444, ST Senior Unsecured, BOND, ZAR of Growthpoint Properties Limited was initially assigned on 17 Jun 2011 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:821835006, NSR LT Senior Unsecured MTN, SOUTH AFRICAN MTN ***PROGRAM***, ZAR of Growthpoint Properties Limited was initially assigned on 20 Oct 2009 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:821835006, NSR ST Senior Unsecured MTN, SOUTH AFRICAN MTN ***PROGRAM***, ZAR of Growthpoint Properties Limited was initially assigned on 20 Oct 2009 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:821835006, LT Senior Unsecured, MTN, ZAR of Growthpoint Properties Limited was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:821835006, ST Senior Unsecured, MTN, ZAR of Growthpoint Properties Limited was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 04 Apr 2017.

The rating for MDY:823165426, NSR LT Issuer Rating, ISSUER RATING, ZAR of Hyprop Investments Limited was initially assigned on 07 Jun 2012 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:823165426, NSR ST Issuer Rating, ISSUER RATING, ZAR of Hyprop Investments Limited was initially assigned on 07 Jun 2012 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:823165426, LT Issuer Rating, ISSUER RATING, ZAR of Hyprop Investments Limited was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 11 May 2016.

The rating for MDY:823165426, ST Issuer Rating, ISSUER RATING, ZAR of Hyprop Investments Limited was initially assigned on 11 May 2016 and the last Credit Rating Action was taken on 11 May 2016.

Only credit rating actions issued by Moody's Investors Service South Africa (Pty) Ltd are considered for the purpose of this disclosure.

Please see the ratings tab on the issuer page on [*www.moodys.com*](http://www.moodys.com) for additional rating history details. The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it.

For ratings issued on a ***program***, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a ***program*** for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [*www.moodys.com*](http://www.moodys.com)

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Moody's considers a rated entity or its agent(s) to be participating when it maintains an overall relationship with Moody's. On this basis, these rated entities or their agent(s) are considered to be participating entities. The rated entities or their agent(s) generally provide Moody's with information for the purposes of their ratings process.

The main assumptions underlying the methodology used to determine the credit ratings for Bidvest Group Limited, The, Consolidated Infrastructure Group Limited, Telkom SA SOC Limited, Barloworld Limited, Fortress Income Fund Limited, Growthpoint Properties Limited and Hyprop Investments Limited are:

1) Expected future trends for the relevant industry(ies) structure, competitive dynamics, supply & demand, regulatory environment, and technology are assumed to be predictive for the likelihood of default and expected loss.

2) Expectations for competitive/market position and management's capabilities and approach to business and financial risks are assumed to be predictive for the likelihood of default and expected loss.

3) Indicators for profitability, interest coverage, and asset quality are assumed to be predictive for the likelihood of default and expected loss, and the rating category criteria are believed to be appropriate.

4) Indicators for cash flow generation, leverage, and debt coverage are assumed to be predictive for the likelihood of default and expected loss, and the rating category criteria are believed to be appropriate.

5) Expectations for legal, regulatory, liquidity, and financial market risks, mergers/acquisitions and recapitalization events, integrity of financial reporting, corporate governance, and the likelihood and nature of support or weakening influence from a parent, affiliate, government or financial party are assumed to be predictive for the likelihood of default/expected loss.

The main assumptions underlying the methodology used to determine the credit ratings for Kagiso Tiso Holdings Proprietary Limited are:

1) Expected future trends for the relevant industry(ies) structure, competitive dynamics, supply & demand, regulatory environment, and technology are assumed to be predictive for the likelihood of default and expected loss.

2) Expectations for competitive/market position and management's capabilities and approach to business and financial risks are assumed to be predictive for the likelihood of default and expected loss.

3) Indicators for profitability, interest coverage, and asset quality are assumed to be predictive for the likelihood of default and expected loss, and the rating category criteria are believed to be appropriate.

4) Indicators for cash flow generation, leverage, and debt coverage are assumed to be predictive for the likelihood of default and expected loss, and the rating category criteria are believed to be appropriate.

5) Expectations for legal, regulatory, liquidity, and financial market risks, mergers/acquisitions and recapitalization events, integrity of financial reporting, corporate governance, and the likelihood and nature of support or weakening influence from a parent, affiliate, government or financial party are assumed to be predictive for the likelihood of default/expected loss.

Information sources used to prepare the ratings are the following: parties involved in the rating, parties not involved in the rating, public information, and confidential and proprietary Moody's information.

Information types used to prepare the ratings for Bidvest Group Limited, The, Consolidated Infrastructure Group Limited, Telkom SA SOC Limited, Barloworld Limited, Fortress Income Fund Limited, Growthpoint Properties Limited and Hyprop Investments Limited include the following: Financial data, Operating data, Historical performance data, Public information, Moody's information, and Regulatory filing.

Information types used to prepare the ratings for Kagiso Tiso Holdings Proprietary Limited include the following: Financial data, Third party valuation data, Public information, and Moody's information.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process. The information available and considered in determining the credit rating is of appropriate quality relative to that available for similar obligors, securities or money market instruments.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating. Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

The ratings have been disclosed to the rated entities prior to public dissemination.

Credit ratings are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities rated by Moody's. Moody's defines credit risk as the risk that an entity may not meet its contractual, financial obligations as they come due and any estimated financial loss in the event of default. Credit ratings do not address any other risk, including but not limited to: market liquidity risk, market value risk, or price volatility. Credit ratings are not statements of current or historical fact. Credit ratings do not constitute investment or financial advice, and credit ratings are not recommendations to purchase, sell, or hold particular securities. Credit ratings do not comment on the suitability of an investment for any particular investor. Moody's issues its credit ratings with the expectation and understanding that each investor will make its own study and evaluation of each security that is under consideration for purchase, holding, or sale.

1) An entity's competitive position is expected to be stable over the 18 -- 24 month rating horizon and generally will not lead to rating volatility. Unexpected changes in technology, regulation, market participants or consumer preferences that negatively (or positively) impact an entity's competitive position within its market, may lead to multiple notch ratings changes during the course of the ratings horizon.

2) Operating strategy effectiveness is typically evidenced by an entity's performance metrics over the medium to long term, typically beyond the rating horizon, and generally will not lead to rating volatility. Changes in performance metrics during the 18-24 month rating horizon will not generally lead to high degrees of rating volatility (more than 1 rating notch). Sustained improvement or deterioration in performance metrics beyond Moody's expectations could lead to multi notch rating changes.

3) Rating levels are highly sensitive to financial strategy. Material changes to financial strategy which increase or decrease financial risk and liquidity may change the entity's ability to weather financial and business cycles. A change in appetite for financial risk may lead to multi-notch downward rating changes. Changes in financial strategy which reduce risk are likely to lead to single notch upward rating changes during the rating horizon.

4) Rating levels can be sensitive to changes in assumptions about an entity's financial position. Metrics that measure financial position tend to vary within a range of expected levels during the course of an 18 -- 24 month rating horizon, and modest variances are not expected to lead to multi-notch rating changes. Large, unexpected changes to assumptions regarding financial position, including measures related to financial leverage, liquidity, and resources available to meet financial obligations, may trigger multi-notch rating changes over the ratings horizon.

5) Rating levels can be greatly impacted by changes in governance structure. Corporate governance is expected to be stable during and beyond the rating horizon, and therefore not cause volatility in ratings. Material changes in governance, ownership structure, or support to or from other entities are likely to lead to multi notch rating changes.

The sensitivity to assumptions for the credit ratings for Bidvest Group Limited, The, Consolidated Infrastructure Group Limited, Telkom SA SOC Limited, Barloworld Limited, Fortress Income Fund Limited, Growthpoint Properties Limited and Hyprop Investments Limited are:

1) Moody's assumptions about the entity's competitive position within its business sector are presumed to remain stable over our rating horizon (18-24 months). Factors that can affect the entity's competitive position include changes in market share over time; disruptive pricing affecting either a) customer demand or b) the cost of supplying goods or services; new market entrants; barriers to entry of new competitors; or product substitution. If Moody's assumptions of competitive position are inaccurate, and the entity experiences forces which are expected to lead to sustained improvement or degradation in competitive position for the longer term, this may cause ratings to move upwards or downwards, depending on the speed of change and the entity's ability to react to the change.

As an example, ratings of a manufacturer of transportation equipment were lowered by multiple notches due to concerns about the ability to sell a newly developed airplane, which was a disruptive new entrant to the market. The downgrade reflected concerns about the financial stress that would result if the company failed to achieve its expectations for sales of the new aircraft.

Foreign exchange may impact competitive position by temporarily shifting cost and pricing advantages between competitors. For example, a US-based manufacturer of high-value durables ***produces*** its products entirely in the US, but sells its products globally. One of its primary competitors manufactures its products almost exclusively in Japan. A rise in the value of the dollar relative to the yen effectively lowers the production cost of the Japanese competitor, which may then lower prices to US consumers. The US manufacturer may choose to follow suit, or risk losing sales and market share. Either outcome, if sustained for a long period, would pressure credit ratings downward.

2) Moody's assumes that an entity's business profile, which incorporates its operating strategy, will evolve slowly, and is therefore unlikely to lead to rating changes over the 18 -- 24 month rating horizon. Business profile captures fundamental differences between entities in the same sector. An entity's overall business profile incorporates expectations of volatility in sales and earnings; the perceived strength of the entity's position in its market; and characteristics of its product offering, such as differentiation with competitive offerings and proven adoption by customers. Operating strategy encompasses decisions regarding the entity's supply chain and distribution channels; decisions regarding outsourcing production versus operating production facilities; directing growth capital towards acquisitions rather than internal development; or divesting a stable but mature business for one which is believed to offer greater future growth at the cost of higher near-term investment.

Ratings are sensitive to differences in business profile. For example, higher levels of product, segment or geographic diversification are generally a positive factor which is likely to reduce volatility in sales and earnings. The entity's degree of vertical integration has mixed considerations for ratings; vertical integration provides greater control over sourcing and distribution, but also creates a higher level of fixed costs which may be a burden during periods of cyclical declines.

An entity's business profile will change slowly, generally due to ***strategic*** decisions which are executed in the long term, and therefore will rarely be the source of short term rating changes. If there is an unexpected change in business profile, such as a decision to add or divest business segments or enter new markets within a short period of time, it could result in rating changes of one or more notches to reflect the new view of risk and opportunities over the rating horizon.

Multiple companies within an industry segment may shift their business profiles in response to a common set of external conditions that affects them all. An example is the ***strategic*** shifts undertaken by US defense contractors following a reduction in defense spending by the US government. Defense contractors, which provide highly specialized services to US agencies, faced revenue pressures when defense outlays were reduced. There were numerous mergers in the sector, as companies sought to broaden their offerings. Companies that merged generally took on higher debt, but their larger scale provided a competitive advantage against those competitors which maintained their existing profile. Generally, companies that merged experienced one to two notch downgrades at the time of the merger, reflecting higher financial leverage. Over the longer term, the merged companies have maintained more stable ratings profiles than their smaller competitors which could not compete as effectively.

3) Moody's ratings include assumptions about financial strategy and financial policy over the next 18 -- 24 months. Assumptions include management's appetite for debt incurrence and financial leverage; ***planning*** for debt maturities; management's decisions regarding deployment of capital; and deployment of profits (shareholder returns vs. investment in the business).

Examples of changes to financial policy may be in the form of a shift in dividend policy; a change in how to finance seasonal working capital or manage timing of payables; or decisions of how much cash to hold in reserves to soften the impact of business cycles.

Financial strategy is generally stable over the rating horizon. Unanticipated changes to a company's financial strategy, which may be accompanied by significant changes in financial leverage or capitalization, may lead to rating changes of one or more notches upwards or downwards.

Examples of financial policy changes which are common across all industry sectors include the decision to institute a large, one-time dividend or share repurchase ***program*** which could have a downward rating impact of one or more notches. A decision to reduce dividends can also have the effect of stabilizing ratings that might otherwise go down. A specific example is demonstrated by the change in financial strategy of a large conglomerate whose ratings reflected expectations that it would direct its high cash flow to debt repayments, steadily reducing leverage over time. The company unexpectedly announced a significant one-time share buyback, which caused a material increase in debt and financial leverage and pressured ratings downward.

A manufacturer of capital equipment had sustainably maintained leverage well below its publicly declared 'ceiling' for a number of years. Ratings were upgraded by one notch based on Moody's determination that leverage levels were unlikely to rise in the foreseeable future. In an opposing example, a large conglomerate with traditionally conservative financial policies announced that it would embark on a long term ***program*** to make acquisitions and add leverage in a measured way over several years. Ratings were moved down based on the announcement of the new strategy, even though the impact on financial metrics was not expected to be seen until future periods. The entity was eventually downgraded by two notches in multiple steps, as its financial strategy was more clearly defined.

4) Moody's assumptions about this entity's governance structure within its market(s) are generally stable over our rating horizon (18-24 months).

Factors affecting governance include changes in ownership or control of the entity's operational and ***strategic*** decision making; support provided to, or received from, other corporate or government entities; the strength and independence of management; and participation in mergers, acquisitions or divestitures.

Changes to an entity's governance are rare but could result in multi-notch rating changes as it could positively or negatively impact the entity's future operating strategy and financial position.

For example, a large engine maker is controlled by its founding family and also has publicly listed stock. As a result of family control, the company has been somewhat insulated from the pressures of public shareholders, and has maintained comparatively low financial leverage and reinvested relatively large amounts of its high profits into very long term investments. Ratings would be pressured downwards if family control were diminished.

5) Moody's ratings include assumptions about this entity's financial position, as measured by financial metrics, over the next 18 -- 24 months. Assumptions include the entity's anticipated earnings levels, operating expenses, interest rates paid on debt, and cash flow generation, all of which contribute to an entity's financial metrics.

These measures may be impacted by unanticipated expenses, changes to interest rate levels, tax changes or business decisions that change expenditure or capital levels.

Modest changes to financial metrics over short periods are typical within most companies and industries. Ratings are not generally sensitive to modest changes in financial metrics which are due to expected business cycles or economic cycles and which are not seen as affecting an entity's long term viability or business profile. However, expectations that an entity's financial metrics are likely to change meaningfully (either positively or negatively) for a longer term could lead to rating changes of one or more notches upwards or downwards.

Examples that are common among all industries include one-time debt-funded share buybacks of significant size, which increase debt and cause leverage ratios to remain at higher levels than previously expected into the future. Rating downgrades of one or more notches are common in response to these scenarios.

The sensitivity to assumptions for the credit ratings for Kagiso Tiso Holdings Proprietary Limited are:

1) Moody's assumptions about the entity's competitive position within its business sector are presumed to remain stable over our rating horizon (18-24 months). Factors that can affect the entity's competitive position include changes in market share over time; disruptive pricing affecting either a) customer demand or b) the cost of supplying goods or services; new market entrants; barriers to entry of new competitors; or product substitution. If Moody's assumptions of competitive position are inaccurate, and the entity experiences forces which are expected to lead to sustained improvement or degradation in competitive position for the longer term, this may cause ratings to move upwards or downwards, depending on the speed of change and the entity's ability to react to the change.

Discovery of taint in food or consumer goods has caused rapid rating changes for individual entities and entire sectors. As an example, the discovery of mad cow disease in the US in 2003 caused a shutdown in worldwide export markets for US beef processors. Several companies in the sector were downgraded as a result of the expected impact of the disruption to their business. Similarly, discover of listeria or other taint in foodstuffs has resulted in downward ratings movement.

Over a 10-year period, the shift in sales of consumer electronics toward online channels resulted in a significant deterioration in sales at traditional 'brick and mortar' retailers. A number of the latter experienced ratings downgrades due to their deteriorating competitive position, which was followed by a decline in their financial position.

Market share, a measure of competitive position, can change very quickly in apparel retailing. For example, a change in preference of women's apparel from high priced fashion styles to less-expensive, more fashion forward 'fast fashion' companies resulted in lower market share and significant financial weakness for retailers of higher priced fashion apparel, accompanied in some cases by rating downgrades. Beneficiaries of the trend included discount retailers, which enjoyed an enhanced credit profile.

A long term trend may change pricing dynamics for an entire industry segment, resulting in rating changes throughout the segment. For example, railroads invested significantly in improving the reliability of the entire network. As a result, the entire industry was able to increase prices in excess of operating costs, and to a level sufficient to cover the cost of invested capital. This ultimately resulted in a steady increase in profits and cash flow, which enabled declines in leverage and led to higher ratings for a number of companies in the sector.

2) Moody's assumes that an entity's business profile, which incorporates its operating strategy, will evolve slowly, and is therefore unlikely to lead to rating changes over the 18 -- 24 month rating horizon. Business profile captures fundamental differences between entities in the same sector. An entity's overall business profile incorporates expectations of volatility in sales and earnings; the perceived strength of the entity's position in its market; and characteristics of its product offering, such as differentiation with competitive offerings and proven adoption by customers. Operating strategy encompasses decisions regarding the entity's supply chain and distribution channels; decisions regarding outsourcing production versus operating production facilities; directing growth capital towards acquisitions rather than internal development; or divesting a stable but mature business for one which is believed to offer greater future growth at the cost of higher near-term investment.

Ratings are sensitive to differences in business profile. For example, higher levels of product, segment or geographic diversification are generally a positive factor which is likely to reduce volatility in sales and earnings. The entity's degree of vertical integration has mixed considerations for ratings; vertical integration provides greater control over sourcing and distribution, but also creates a higher level of fixed costs which may be a burden during periods of cyclical declines.

An entity's business profile will change slowly, generally due to ***strategic*** decisions which are executed in the long term, and therefore will rarely be the source of short term rating changes. If there is an unexpected change in business profile, such as a decision to add or divest business segments or enter new markets within a short period of time, it could result in rating changes of one or more notches to reflect the new view of risk and opportunities over the rating horizon.

A change in business profile can happen rapidly with certain new product introductions. For example, a pharmaceutical company receives regulatory approval for a drug that treats a given disease, and which is seen a significantly more effective than existing drugs on the market. The business profile of company with new drug is greatly, and quickly, enhanced, creating positive rating momentum. Meanwhile, the business profile for the ***producer*** of the older drug declines, which would be expected to lead to downward rating momentum over the medium to longer term in the absence of other changes to its business structure or product line.

In another example, a restaurant company with multiple brands decided to spin-off a sizable restaurant concept. This meaningfully reduced its brand diversification and resulted in a ratings downgrade.

Longer term operating strategy impact is demonstrated by the ratings downgrades experienced by several US department store operators. Over a period of years, these companies were unable to adjust to changing consumer preferences towards different types of venues and product assortments. Sales declined meaningfully bringing down operating expectations. The companies experienced multi-notch downgrades due to declines in operating expectations over the longer term.

3) Moody's ratings include assumptions about financial strategy and financial policy over the next 18 -- 24 months. Assumptions include management's appetite for debt incurrence and financial leverage; ***planning*** for debt maturities; management's decisions regarding deployment of capital; and deployment of profits (shareholder returns vs. investment in the business).

Examples of changes to financial policy may be in the form of a shift in dividend policy; a change in how to finance seasonal working capital or manage timing of payables; or decisions of how much cash to hold in reserves to soften the impact of business cycles.

Financial strategy is generally stable over the rating horizon. Unanticipated changes to a company's financial strategy, which may be accompanied by significant changes in financial leverage or capitalization, may lead to rating changes of one or more notches upwards or downwards.

Examples of financial policy changes which are common across all industry sectors include the decision to institute a large, one-time dividend or share repurchase ***program*** which could have a downward rating impact of one or more notches. A decision to reduce dividends can also have the effect of stabilizing ratings that might otherwise go down. In a specific example, a large operator of chain restaurants decided to return a sizable amount of cash to its shareholders through debt-financed share repurchases, while targeting to maintain significantly higher leverage than in the past. A multi-notch ratings downgrade followed the announcement.

Another example of financial strategy is the 'rent vs. own' decision with regards to real estate made by brick and mortar retailers. Ownership of property generally lowers costs and creates financial value which helps maintain ratings through cyclical declines which might otherwise cause ratings to fall. This strategy may be insufficient to maintain ratings in the long term if a company is unable to respond to other changes in the market over a longer term. One well established electronics retailer experienced multiple ratings downgrades, and ultimately went bankrupt, despite its financial resources and relatively low-cost store base. Those strengths were not sufficient to overcome a long term decline in its sales when the company failed to develop a meaningful internet-based presence.

An example of a positive rating change occurred when a media company's new owner committed to a less aggressive growth policy, which was expected to retain cash within the company and ultimately lead to stable or reduced leverage.

4) Moody's assumptions about this entity's governance structure within its market(s) are generally stable over our rating horizon (18-24 months).

Factors affecting governance include changes in ownership or control of the entity's operational and ***strategic*** decision making; support provided to, or received from, other corporate or government entities; the strength and independence of management; and participation in mergers, acquisitions or divestitures.

Changes to an entity's governance are rare but could result in multi-notch rating changes as it could positively or negatively impact the entity's future operating strategy and financial position.

Governance changes are common at the time of a sale or leveraged buy-out of a company, due to a change in financial policies which are expected to be adopted by the new owners. For example, expectations are that a sale to a financial buyer will be accompanied by financial policies which are associated with a higher risk profile. These types of transactions generally result in ratings being lowered by multiple notches at the time of the transaction. Conversely, a sale to a buyer (either company or investor) or an initial public offering of stock is associated with more benign financial policies, and may lead to an upgrade of one or more notches at the time of the sale.

In a specific example, the general membership of a large ***agricultural*** cooperative dismissed its entire board of directors and attempted to sell the Coop's business and brands to another industry player. Ratings were placed under review repeatedly as events developed, and ratings were lowered by two notches during a one-year period.

5) Moody's ratings include assumptions about this entity's financial position, as measured by financial metrics, over the next 18 -- 24 months. Assumptions include the entity's anticipated earnings levels, operating expenses, interest rates paid on debt, and cash flow generation, all of which contribute to an entity's financial metrics.

These measures may be impacted by unanticipated expenses, changes to interest rate levels, tax changes or business decisions that change expenditure or capital levels.

Modest changes to financial metrics over short periods are typical within most companies and industries. Ratings are not generally sensitive to modest changes in financial metrics which are due to expected business cycles or economic cycles and which are not seen as affecting an entity's long term viability or business profile. However, expectations that an entity's financial metrics are likely to change meaningfully (either positively or negatively) for a longer term could lead to rating changes of one or more notches upwards or downwards.

Examples that are common among all industries include one-time debt-funded share buybacks of significant size, which increase debt and cause leverage ratios to remain at higher levels than previously expected into the future. Rating downgrades of one or more notches are common in response to these scenarios.

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Moody's credit ratings are opinions of the relative credit risk of financial obligations translating into an ordinal ranking of issuers and financial obligations across asset classes and geographies. As such, no absolute probability of default nor expected loss given default is assigned to each individual credit rating. Please refer to the following link for an index of Moody's default studies. Guides to Moody's Default Research.

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I hereby attest, as a person with responsibility for these Credit Rating Actions, that to the best of my knowledge, based on (i) my participation in the rating committee that determined to take these Credit Rating Actions, (ii) any materials I have reviewed in connection with the rating committee, and (iii) the attestations I have received from other members of the rating committee:

1) No part of these Credit Rating Actions were influenced by any other business activities of Moody's Corporation-- i.e , this Credit Rating Action was not affected by the existence of, or potential for, other business relationships between Moody's Investors Service or its affiliates and the Rated Entity or its affiliates, or the non-existence of any such relationships;

2) These Credit Rating Actions were based solely on the merits of the obligor(s), security(ies) or instrument(s) being rated; and

3) These Credit Rating Actions were an independent evaluation of the credit risk of the obligor(s), security(ies), or instrument(s) assessed in these Credit Rating Actions and is subject to the potential limitations of the Credit Ratings disclosed with these Credit Rating Actions.

David Staples, MD-Corporate Finance

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

**Load-Date:** August 1, 2017

**End of Document**



[***Moroccan authorities target diversification to secure long-term economic growth***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74BP-00000-00&context=1516831)

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**Body**

Despite its dependence on ***agriculture*** for strong GDP figures, efforts to strengthen other export sectors, coupled with the diversification of its trading partners, have allowed Morocco to develop competitive industries and increase their presence in international markets. Traditional segments such as phosphate production remain ***strategic***, but a range of emerging manufacturing capabilities are promoting growth across a broader base of economic activities. In addition, reforms in recent years have allowed the authorities to pursue budget consolidation efforts. These are assisting the state in reinforcing the country's fiscal position, while also helping to structurally change the financial management of a country that has long been characterised by costly and inefficient subsidy ***programmes***.

***Agricultural*** value added still accounts for erratic GDP expansion rates from year to year, but as private and public investment continues to be channelled towards the expansion of the automotive and aeronautics sectors, among others, achieving more consistent growth patterns should become progressively easier. Greater economic output could help fund remaining reform priorities. Quality of education remains a challenge, affecting the country's ability to innovate and compete in international markets. In addition, regulatory limitations on competition and excessive red tape still hinder business activity in many sectors, affecting small and medium-sized enterprises (SMEs) more acutely.

***AGRICULTURE***: Because of its weight in the economy, at just under 15% of GDP, ***agriculture*** still has sufficient pull to help drive annual growth rates in Morocco. As it stands, the amount of rainfall in the country influences economic performance, leading at times to fluctuating trends in GDP expansion. Record cereal production levels in 2015, for example, led the economy to expand by 4.5% that year, according to the High Commission for ***Planning*** (Haut Commissariat au ***Plan***, HCP). However, this was followed by a drought in late 2015 and 2016, which saw ***agricultural*** production contract by 10%, according to figures from the World Bank. The government classified it as the worst drought in 30 years, and it resulted in a 70% fall in cereal production, decreasing from 11m tonnes in 2015 to 3.35m tonnes. However, the positive impact of abundant rainfall towards the end of 2016 improved growth prospects for 2017, leading the government to project GDP growth of more than 4% for the year. Speaking in January 2018, Ahmed Lahlimi Alami, high commissioner of the HCP, forecast GDP growth would be in line with the trend recorded over the last 10 years, as ***agriculture*** is increasingly supported by public ***programmes***, but said these improvements were likely to be hampered by less rainfall in late 2017.

Jean-Pierre Chauffour, lead economist for Morocco and regional trade coordinator for MENA at the World Bank, told OBG, "The sector has become more resilient with the weight of non-irrigated ***agricultural*** production within the total ***agricultural*** production declining over time, representing less than 20% of ***agricultural*** added value and, in turn, total GDP."

OTHER SECTORS: Growth in non-***agriculture*** sectors was expected to remain around 2.7% in 2017 and reach 3% in 2018, according to early 2018 HCP estimates. To hedge against the weight of ***agriculture*** in the economy, Moroccan authorities have been following a strategy of industrialisation, creating an enabling environment for emerging sectors to become export engines. Measures were initially framed in the 2008 National Pact for Industrial Emergence, and later solidified through the establishment of the Industrial Acceleration ***Plan*** (***Plan*** d'Accélération Industrielle, PAI) in 2014. Under the PAI, manufacturing's contribution to GDP is anticipated to grow from 14% in 2014 to 23% by 2020.

The stronger focus on industrial development and a more varied export base underscores consensus about the need to shift away from the previous growth models. Morocco's economy underwent a period of consistent high growth for most of the 2000s, propelled by a combination of important reforms, the economic impact of large-scale infrastructure projects and the liberalisation of certain economic sectors.

BUDGET DEFICIT: Externally, the kingdom also benefitted from a favourable global environment, taking advantage of its close ties with Europe to increase exports. The result was an annual average growth in non-***agriculture*** GDP of between 4.5% and 5%, according to Karim Gharbi, partner and head of research at CFG Bank. The impact of the international economic crisis, starting in 2008, affected Morocco belatedly. The kingdom was initially spared the worst effects because of the government's expansionist budgetary policy, continuing to invest even when the overall climate of crisis had settled around many of its economic partners, especially in Europe. This allowed solid growth rates to be maintained between 2008 and 2012. Government expenditure was further burdened by the need to maintain social ***programmes*** in the context of regional upheaval brought about by the Arab Spring of 2011.

However, the consequence of high expenditure was a substantial erosion of the government's fiscal position, with the budget deficit rising from 6.5% in 2011 to 7.2% of GDP in 2012. Equally worrisome was the expanding public debt, which grew from 58.3% to 63.5% of GDP between 2011 and 2014, according to figures from the IMF. Reining in the deficit became a critical government priority from 2013 onward, with moves made to reform Morocco's large-scale subsidy system. These efforts yielded a steady reduction in the kingdom's budget deficit, to 4% in 2016. The government estimated that the budget deficit would shrink further to around 3.5% by end-2017, and would reach 3% in 2018. Budget consolidation and the growing role of emerging industrial sectors are two key factors on which Morocco's future economic performance is likely to be based.

SHIFT POINT: After years of depending on a small number of traditional sectors to drive economic growth, these sectors appear to be reaching their maturity phase. "Construction and real estate have traditionally been a key engine, but they have seen their importance somewhat diminished," Gharbi told OBG. "Cement consumption per inhabitant at the beginning of the 2000s was about 200 kg per year in Morocco, and now we are at 450-500 kg per person per year. This shows that high growth rates are not to be expected. In other countries, consumption levels have reached about 600 kg per person and then stabilised or began to go down." Telecommunications have also had a strong impact on GDP expansion over the years, but with 42.1m mobile subscribers as of June 2017, the sector is set to begin registering lower growth rates, according to the National Telecommunications Regulatory Agency. Banking penetration has also expanded substantially, with services now reaching 70% of the population.

The automotive industry in particular has been a priority for development since the opening of the Renault production unit in Tangiers in 2012, and the positive results of automotive manufacturing in Morocco represent an important gauge for the potential of industrial acceleration as a whole. For the third consecutive year, automotive production was the most important export industry, posting foreign sales of Dh54.4bn ((EURO)5bn) in 2016, compared to Dh38.9bn ((EURO)3.6bn) in export revenues from the phosphate sector, according to regional press reports released in 2017. Other car manufacturers are entering the market, and the authorities expect automotive manufacturing to generate annual exports of Dh100bn ((EURO)9.3bn) in the years to come. Although nominally the automotive segment is now a bigger export earner, phosphates still have more of a net impact on the trade balance, according to local stakeholders. This is because automotive manufacturing depends to an extent on imports - the industry has a local integration rate of about 40% - whereas all of the income generated by phosphates stays in the country.

BUSINESS ENVIRONMENT: Despite the growing importance of manufacturing, the overall level of competitiveness in the country has led to somewhat paradoxical results. The failure rate of Moroccan companies is much lower than in more developed countries, but this is largely due to a lack of competition and can result in low productivity when businesses face little pressure to expand. This has a detrimental effect across the economy, making it harder for SMEs to grow and have a greater impact on employment creation. Currently, Moroccan SMEs employ 80% of the working population, according to Gharbi. Marie-Alexandra Veilleux-Laborie, director and head of Morocco at the European Bank for Reconstruction and Development, told OBG, "At the same time, SMEs have been confronted with many administrative burdens, limited access to finance, severe delays of payment and competition from the informal economy. Implementing policies to enhance transparency, improve the efficiency of the judicial system and promote competition will support the development of reforms critical to SMEs, which in turn will generate growth and create jobs."

A rebounding industrial sector with increased investment in modern production capacity channelled towards exports is doing much to diversify the economy away from ***agriculture*** and re-establish sectors that in the past provided fast growth rates. However, the renaissance of Moroccan industry has in large part been led by foreign direct investment, with international actors operating in new industries. "To a large extent, the first line of suppliers for these large industrial foreign companies are generally made up of foreign capital," Chauffour told OBG. "The second- and third-line suppliers have more domestic Moroccan capital."

As a result, Moroccan capital is not sufficiently invested in industry or the productive economy, relying more on real estate and construction, or a handful of protected sectors that yield predictable returns. One of the main challenges ahead will be to encourage Moroccan investors to focus more on sectors of exchangeable goods, where competition is higher and there is considerably more risk.

Despite this, the integration of Moroccan firms into global supply chains has been increasing. One clear example is the automotive industry, which saw its level of local integration move from 20% in 2012 to 43% by the end of 2016, according to Jad Benhamdane, senior business analyst at BMCE Bank of Africa. Overall, the percentage of manufactured products with a technological component has risen from an average of 23% of total exports in the 2000-07 period, to about 40.1% between 2008 and 2015, according to figures from the Ministry of Economy and Finance.

SKILLS & EMPLOYMENT: Overall, the kingdom's unemployment rates have generally been stable, despite the fact that unemployment rose from 9.9% in 2016 to 10.2% in 2017, according to figures from the HCP. However, similar to its neighbours in both North Africa and Southern Europe, the country still struggles with high rates of youth unemployment, which rose from 25.8% in 2016 to 26.5% in 2017. Looking ahead, the IMF forecasts the unemployment rate will edge up to 9.5% in 2018, before falling to around 9.2% in 2019 and easing further to 8.9% over the course of 2020.

The gender gap also plays a part, with female labour force participation at just 25%, according to the World Bank. Although gross enrolment has progressed for both genders, education in Morocco also faces a number of challenges. A recent government report found that over 75% of students that reach high school are older than the official age for enrolment, and 38% of students have failed at least once. Additionally, the report found that the majority of students completing ***programmes*** in either public or private institutions do not acquire the full range of necessary competencies. According to various stakeholders, the key to growing Morocco's economy lies in its ability to channel more investment into raising the quality of education, as this will help to ***produce*** a more skilled workforce that is capable of delivering the diversification required to expand (see Education & Health chapter).

In line with growth in manufacturing, vocational training has become essential to both providing better employment opportunities for Moroccans as well as ensuring that emerging sectors have the necessary human resources to expand over the coming years. To this end, the Office for Professional Training and Employment Promotion has set a target to train up to 1.7m workers between 2016 and 2020. Specialised training centres have been established in close proximity to relevant manufacturing clusters to facilitate this objective (see Industry chapter).

EXCHANGE FLEXIBILITY: A more sustainable fiscal policy will also help the country as it moves towards an increasingly liberalised exchange system. Government ***plans*** to add flexibility to the Moroccan dirham accelerated in July 2017, with the support of the IMF. In a February 2017 report, the fund stated that moving towards a more flexible exchange regime would "... help preserve competitiveness and better incentivise the reallocation of productive resources between the tradable and non-tradable sectors within the economy".

The dirham has been pegged to a basket of currencies. Bank Al Maghrib (BAM), Morocco's central bank, reduced the weight of the euro in the dirham's value from 80% to 60%, and increased the participation of the US dollar from 20% to 40% in April 2015. BAM has traditionally allowed the value of the dirham to fluctuate to a maximum of 0.3% in either direction of its peg, but in January 2018 BAM announced this band would widen to 2.5% either side. Abdellatif Jouahri, governor of BAM, has stated that Morocco will likely establish a managed float of the currency and, eventually, a free float. However, this move will be gradual, possibly taking place over several years. For now, the authorities will want to assess the impact of the new band, and will likely increase it further in the near future.

The move towards a more liberalised exchange rate is a sign of the maturity and increased diversification of the Moroccan economy. One key indicator supporting the kingdom's readiness to switch to a more flexible exchange regime is the rising volume of foreign exchange reserves over recent years, moving from the equivalent of four months of imports at the end of 2012 to seven months by February 2017. A more flexible exchange rate is expected to bring several advantages. First, it will allow the country to better align itself with the world economy, a critical step as Morocco increases its trade partners and export industries. It will also allow the kingdom to absorb external shocks more easily. "For example, if the international price of oil goes back to $100, and as a result our trade balance enters into deficit, the value of money depreciates, and with it, exports increase and imports decrease. It allows us to adjust more easily," Gharbi told OBG.

Furthermore, the new regime will allow BAM to set specific inflation targets, and better transmit monetary policy into the rest of the economy, freeing the banking sector regulator from the responsibility of managing both an exchange and interest rate regime. "The flexible exchange regime was launched in 2010 in consultation with other countries that have undergone similar processes in the past," Taoufik Rabbaa, managing director of Citibank Maghreb and head of Citigroup's North Africa Treasury and trade solutions, told OBG. "Making the regime flexible may take years as regulations are gradually changed. As of now, however, Morocco has the right macroeconomic triggers to embrace a gradually flexible regime. This process will also keep speculation to a minimum, as investors are incentivised by the fact that the dirham is not overvalued." However, one side effect of the new regime once it is fully implemented is added risk and volatility for the dirham, with market observers noting the risk of depreciation and potential impact on the cost of imported goods for the Moroccan economy.

TRADE: Morocco has been able to establish a solid network of international trade agreements, encompassing free trade deals with Canada, the US and Turkey, as well as being part of the European Free Trade Association. Furthermore, under the Agadir Initiative of 2004, preferential trade ties with Jordan, Egypt and Tunisia are well established. To diversify export markets and reduce exposure to the negative impact of the financial crisis that has affected most European countries, Morocco has signed cooperation and trade deals with an array of different partners, strengthening economic ties within the African continent and Gulf countries. Despite this, the EU still represented 58.9% of Morocco's total trade in 2016, according to European Commission data. The bloc accounts for 64.9% of the kingdom's exports and 55.6% of its imports. Trade between the EU and Morocco reached (EURO)34.6bn in 2016, from (EURO)30.6bn in 2015 and (EURO)29.3bn in 2014.

OUTLOOK: With increased rainfall towards the end of 2016 set to benefit the ***agriculture*** industry, much better GDP growth rates were expected for 2017, with the IMF estimating it would rise from 1.2% in 2016 to 4.8% in 2017, before moderating to 3% in 2018. While the large share of ***agriculture*** in the country's GDP and its correlated dependence on rainfall strengthens the perception of the economy as somewhat unstable, the kingdom has been largely successful in sustaining a high degree of consistency in terms of economic growth. However, until an effective strengthening of the manufacturing sector takes hold, Morocco will remain considerably dependent on ***agricultural*** performance over the medium term.

Although the country is moving in a promising direction, the remaining challenge for policymakers is how to implement the changes and reforms that are needed for the economy - and specifically non-***agriculture*** GDP - to expand at a faster rate. Improving the quality of education and strengthening overall governance in the country are two key areas that are expected to aid in this endeavour. Morocco's stability in a tumultuous region has allowed it to attract growing interest from investors. This bodes well for the country's economic development over the long term. However, promoting job-creating growth would likely require improvements to the mechanisms that allow foreign investment in the manufacturing sector and other areas of the economy. Additionally, such measures would help to increase the competitiveness of domestic actors as well.

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**End of Document**



[***13th Five-Year Plan: Key Points***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RVP-87H1-F0J5-834C-00000-00&context=1516831)

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**Length:** 2451 words

**Highlight:** 13th Five-Year ***Plan***: Key Points

**Body**

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**Targets**

|  | **2015** | **2020** | **Annual changes** | **Binding** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
| **Economic Development** |  |  |  |  |
| (1) GDP, CNYtrn | 66.7 | >92.7 | >6.5% |  |
| (2) Productivity: CNY10,000/person | 8.7 | >12 | >6.6% |  |
| (3) Urbanisation rate, (residential), % | 56.1 | 60 | 3.9\* |  |
| (3) Urbanisation rate, (Hukou), % | 39.9 | 45 | 5.1\* |  |
| (4) Services as a share of GDP, % | 50.5 | 56 | 5.5\* |  |
|  |  |  |  |  |
| **Innovation** |  |  |  |  |
| (5) R&D as a share of GDP, % | 2.1 | 2.5 | 0.4\* |  |
| (6) Patents per 10,000 people | 6.3 | 12 | 5.7\* |  |
| (7) Contribution of technology advancement, % | 55.3 | 60 | 4.7\* |  |
| (8) Broadband access, % | 40 | 70 | 30\* |  |
| (8) Mobile Wi-Fi access, % | 57 | 85 | 28\* |  |
|  |  |  |  |  |
| **People's Living Conditions** |  |  |  |  |
| (9) Disposable income growth rate, % |  |  | >6.5 |  |
| (10) Average education level, year | 10.23 | 10.8 | 0.57\* | Y |
| (11) Job creation, 10,000 |  |  | >5,000\* |  |
| (12) Poverty relieved rural population, 10,000 |  |  | 5,575\* | Y |
| (13) Population with pension, % | 82 | 90 | 8\* |  |
| (14) Reconstruction of shanty areas, 10,000 |  |  | 2,000\* | Y |
| (15) Life expectancy, year |  |  | 1\* |  |
|  |  |  |  |  |
| **Environment** |  |  |  |  |
| (16) Arable land, 10mn Mu | 18.65 | 18.65 | 0\* | Y |
| (17) Additional land for construction, 10,000 Mu |  |  | <3,256\* | Y |
| (18) Water usage reduction per unit GDP |  |  | 23\* | Y |
| (19) Energy usage reduction per unit GDP |  |  | 15\* | Y |
| (20) Non-fossil fuel, % | 12 | 15 | 3\* | Y |
| (21) Carbon emission reduction per unit GDP |  |  | 18\* | Y |
| (22) Forest coverage, % | 21.66 | 23.04 | 1.38\* | Y |
| (22) Forest reserve, bn metre cube | 15.1 | 16.5 | 14\* | Y |
| (23) Air quality: days of good quality/365, % | 76.7 | >80 |  | Y |
| (23) PM2.5 reduction for polluted cities |  |  | 18\* | Y |
| (24) Water: better than class III, % | 66 | >70 |  | Y |
| (24) Water: less than class V, % | 9.7 | <5 |  | Y |
| (25) Other pollutants - chemical oxygen demand reduction, % |  |  | 10\* | Y |
| (25) Other pollutants - ammonia nitrogen reduction, % |  |  | 10\* | Y |
| (25) Other pollutants - sulphur dioxide reduction, % |  |  | 15\* | Y |
| (25) Other pollutants - nitrogen oxides reduction, % |  |  | 15\* | Y |

\*indicates cumulative. Source: BMI **Development Concepts: Innovation, Coordination, Environmentally Friendly, Open-Door, Sharing** The central government will urge officials to follow through on new development concepts and adapt to the 'new norm' of economic development. The government will help expand total demand (via monetary and fiscal policies) if necessary, but will mainly focus on supply-side structural reforms, so that production will fit the increasingly sophisticated demands of the Chinese population.Chapter 2: Innovation To Drive Development **Technology And Innovation** Support the development of frontier tech and science. Let enterprises to lead innovation, while using national funds to develop large projects. Construct high-end national science laboratories for the development of fundamental sciences. Develop large high-tech and innovation centres to utilise economies of scale. **Mass Entrepreneurship And Innovation** Encourage the development of service centres in different parts of China to start-up companies and small- and medium-sized companies. Encourage the population to participate in the mass entrepreneurship and innovation ***programme*** by promoting crowd-sourcing, collective support and crowd-funding. **Build A System That Encourages Innovation** Instead of pushing for innovation themselves, government entities should provide services to those who innovate. Develop and enhance the system to ease the process of monetising technological achievements. Ensure that technocrats and scientists can earn a proportional profit for the technological advancement they bring about. Develop a system that supports mass innovation. **Focus On Talent** Continue to expand the pool of skilled labour. Improve the allocative efficiency and mobility of skilled workers. Improve the work environment for talent, attracting foreign talent and encouraging overseas students to come back. **Develop New Drivers For Growth** Promote the upgrade of consumer goods to meet the needs of more sophisticated consumers. Expand effective investment. Find new comparative advantages for exports. Chapter 3: Economic Institutions **Enhance The Existing Economic System** State-owned enterprise (SOE) reforms: continue to consolidate SOEs, make them bigger, better and stronger. Strengthen the system to manage SOE assets: develop national investment and management companies to manage state assets. Promote mixed ownership structure for companies. Promote the healthy development of the non-public sector. Adopt modern practices with regard to the protection of property rights. **Improve Market Efficiency** Continue price reforms on commercial goods and promote fair competition. **Deepen Reforms For The Administrative System** Allow decentralisation to prevent excessive ***intervention*** of government authorities and simplify administrative processes. Improve the efficiency of oversight and services. **Speed Up Fiscal And Taxation Reform** The central government should wield more power and responsibility in terms of fiscal decision-making, continue to conduct taxation reform, improve the system for transfer payments from the central government to local governments and improve the efficiency of fund allocation for local governments. Regulate the budget disclosure process and improve transparency. Continue to reform the tax system. Improve the sustainability of government spending. **Financial Sector Reforms** Allow the development of various financial institutions to meet different financial needs of the population. Improve transparency of the financial system and deleverage the financial market. Enhance the oversight mechanism and improve efficiency. **Improve Macroeconomic Management Skills** Local governments need to follow the central government's ***plans*** and strategies. Improve and develop new methods for macroeconomic management. Improve the decision-making and execution process for economic policies. Adopt the negative list system to improve the investment and financing experience for enterprises. Chapter 4: Modernisation Of The ***Agricultural*** Sector **Food Security** Ensure food production security by preventing the reduction of arable land and improving the quality of arable land. Encourage farmers to change their production to better fit market demand. Push for the development of secondary and tertiary sectors in rural areas. Improve the quality of food by setting stricter standards and improving supervision. Improve the sustainability of the ***agricultural*** sector by promoting environmentally friendly production methods. On the international market, China should import only when needed, and needs to export more. Companies need to continue to seek overseas investment opportunities. **Modernise The Business Model In The *Agricultural* Sector** Allow companies to gain economies of scale through long-term land leasing and other methods. Encourage the development of new types of business entities (such as cooperative) in the sector. Strengthen the development of ***agriculture***-related service sectors. Encourage the use of machinery in ***agriculture*** for more efficient production, use information technology to improve management and allocative efficiency. **Improve Support And Protective Measures For *Agriculture*** Government will extend subsidies in the ***agricultural*** sector. Improve the pricing and storage policies for ***agricultural*** products. Improve financial services in the rural areas. Chapter 5: Industries **Manufacturing** Increase the potential for further industrial upgrades by focusing on materials science and other key technologies that are fundamental to industrials. Promote the development of new manufacturing methods (such as intelligent manufacturing). Push for the upgrade of traditional manufacturing sectors. Enhance the quality and branding of Chinese products. Curb overcapacity through market measures, financial subsidies, legal or even administrative measures. Lower costs for companies: simplify regulation, provide tax relief and lower energy prices and logistics costs. **Support The Development Of Cutting-Edge Industries And Let Them Drive Growth** Let cutting-edge industries support growth. Support the development of strategically important industries (such as aerospace, IT, life science and nuclear). Allow these industries to gain economies of scale. Improve the business environment for them. **Support The Development Of The Services Sector** Promote the professionalisation of ***producer*** services (such as consulting, legal, ratings, etc). Improve the quality of consumer services (such as tourism, entertainment, etc). Allow the market to play a greater role by enhancing the regulatory environment. Chapter 6: Expand The Network Economy **Build A More Efficient Information Network** Improve the high-speed fibre network and mobile network system. Speed up the development for IT technology. Increase the speed for networks and reduce fees. **Internet + *Plan*** Enhance knowledge of fundamental IT technology. Promote the bridging of Internet and offline industries. **National Big Data Strategy** Speed up the process of official data-sharing ***programmes***. Promote the healthy development of the big data industry. Promote cybersecurity. Chapter 7: Build A Modern Infrastructure Network **Improve The Existing Modern Transportation System** Enhance the national railway system. Develop an intercity urban transport system. Improve the efficiency and role of national transportation interchanges. Reduce carbon emissions and adopt IT to improve the efficiency and reliability of managing the transportation system. **Modernise The Energy Sector** Shift energy consumption structure towards the use of more environmental friendly energy sources. Develop a more intelligent energy transfer and storage system. Use IT to develop an intelligent management system of energy production. **Water Safety** Improve the allocative efficiency of water resources. Perfect hazard prevention measures (flood and drought control). Chapter 8: New-Type Urbanisation **Speed Up The Process Of Converting The Rural Population To Urban Citizens** Deepen Hukou reform. Adopt a residential certificate system for all cities to ensure social security coverage. Improve the system of such conversion processes. **Improve The Layout Of Cities** Promote city clusters and use them as the blueprint for regional development. Adopt the 'central cities + satellite cities' model to improve resource allocation efficiency in each region. Promote small- and medium-sized cities and cities with unique characteristics. **Improve Living Conditions In Urban Areas** Promote a new-type urbanisation. Improve infrastructure in cities. Speed up the reconstruction of the shantytowns and develop necessary amenities. Improve the efficiency and quality of managing cities. **Enhance The Housing Supply System** Provide housing subsidies to less-well-off families, improve the public housing system, and continue to manage housing markets to ensure the healthy development of property markets. **Coordinated Development Between Urban And Rural Areas** Promote county economies, improve the countryside and allocate public resources to rural and urban areas equally. Chapter 9: Coordination Of Regional Development **Follow The Central Government's *Plan*** Promote the western development ***plan***. Revitalise Northeast China and other traditional industrial hubs. Support the development of Central China. Allow East China to lead economic and social development. Richer regions to support the poorer regions. **Jing-Jin-Ji Integration** Offload non-essential functions from Beijing. Optimise the space usage in the region and allocate adequate functions. Build an integrated transportation system. Improve environmental conditions. Promote the sharing of public services within the region. **The Yangtze River Economic Belt** Environmental protection: reduce water pollution and increase vegetation coverage. Improve the quality of the transportation system along the Yangtze River. Improve the ***strategic*** layout and allocation of industries for cities along the Yangtze River. **Subsidise The Development Of Less Developed Regions** Support the development of old revolutionary bases, autonomous regions and border areas. Promote industrial transformation in those regions. **Marine Economy** Promote the development of the marine economy. Enhance environmental protection in the seas. Protect maritime sovereignty and develop a mechanism to settle territorial disputes. Chapter 10: Environmental Protection Optimise the urbanisation layout in China by following the 'Two Horizontal Lines, Three Vertical Line' layout. Avoid waste of natural resources (water, land, mining products, etc). Develop a 'circular economy' to encourage recycling, and improve the efficiency of resource consumption. Reduce pollution and emissions, prevent environmental hazards, strengthen environment-related infrastructure and legal systems and allow degenerated regions to recover. Promote environmental protection industry. Chapter 11: Continue Opening Up **Set Up Multi-Dimensional, Multi-Tiered And Composite Connectivity Networks** Continue to cooperate with other countries to dissolve excess production capacity. Exporters need to upgrade their production. Continue to attract foreign investment and scale up outbound investments. Improve the institutions for cross-border business activities. Promote the implementation of the OBOR initiative. Others **Intensify Cooperation With Hong Kong, Macau And TaiwanStrive To Alleviate Poverty** Take targeted measures to ensure that assistance reaches poverty-stricken villages and households. **Improve The Education And Physique Of The Population** Deepen healthcare reform. Support the development of Chinese traditional medicine. Improve the medical insurance system to cover the entire population. Improve institutions and mechanisms for managing and supervising food and drug safety. **Improve The People's Well-Being** Local governments need to be proactive in promoting job creation. Reduce income inequality in China. Improve the social security system in China. Do a better job creating employment.  *Editor's note: This is an unofficial BMI summary of the 13th Five-Year* ***Plan****. It is a translation of the text that was presented by Chinese state-owned media after it was approved by the National People's Congress on March 16 2016 (see source below). The purpose of this translation is to provide as accurate an account as possible in English of the key points of the 13th Five-Year* ***Plan****. An official translation in English sanctioned by the government is expected to be made available later in 2016, which may have discrepancies compared with this translation.Source: Xinhua News Agency /politics/2016lh/2016-03/17/c\_1118366322.htm)*

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**End of Document**



[***M and A Navigator: Deal pipeline -9 June***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NRV-R241-JD3Y-Y29D-00000-00&context=1516831)

M&A Navigator

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**Body**

MANAVIGATOR-June 9, 2017-M and A Navigator: Deal pipeline -9 June

The following is a list of deals covered in detail by M and A Navigator this week:

-SOFT GOODS MAKER BEBE AU LAIT ACQUIRES BABY BATH ACCESSORIES FIRM PUJ

US-based "mom and baby" soft goods maker Bebe au Lait has acquired US-based baby bath accessories firm Puj, the company said.

Both brands say they share the mission of simplifying parenthood through thoughtfully designed mom and baby products, each developing a range of products that support parents in their everyday lives, including products for nursing, sleeping, feeding and bathing. The acquisition of Puj builds on Bebe au Lait's foundation, and expands their range beyond soft goods. Puj offers the Puj Tub, a baby bathtub that flexibly folds and conforms to nearly any sink.

Status: Closed

-NRG METALS TO ACQUIRE THE HOMBRE MUERTO NORTH LITHIUM PROJECT IN ARGENTINA

Canadian minerNRG Metals Inc. (TSX Venture: NGZ) (OTCQB: NRGMF) (Frankfurt: OGPN) has entered into an option agreement to purchase the Hombre Muerto North Lithium Project, located in Salta and Catamarca Provinces, Argentina, the company said.

The property package of 3,287 hectares is comprised of the Alba Sabrina, Tramo, Natalia Maria, Gaston Enrique, Viamonte and Norma Edit concessions, all located in the Salar del Hombre Muerto in northwestern Argentina. NRG Metals said the project is being acquired through a purchase option agreement from a private borate ***producer*** from Salta, Argentina named Jorge Moreno.

Status: Agreed

-APTEAN ACQUIRES FIRE AND EMERGENCY SERVICE SOFTWARE PROVIDER FDM

US-based enterprise software solutions provider Aptean has acquired public safety agency software provider FDM Software, the company said. FDM Software offers records management, computer-aided dispatch, mapping and analysis solutions for public safety agencies in North and South America.

The company's solutions are designed to specifically meet the needs of fire and emergency service agencies with configurable and intuitive user interfaces, tools and pre-built components that help IT departments quickly customize and deliver solutions to their staff on the front line. FDM RMS streamlines data entry, reporting and analysis and FDM CAD is a fully integrated, real-time mapping and data entry system to prioritise resource assignments quickly during emergency responses.

Status: Closed

-ENSIGN ACQUIRES SKILLED NURSING FACILITIES IN IDAHO, UTAH, USA

US-based skilled nursing, rehabilitative care services, home health care, hospice care and assisted living provider The Ensign Group, Inc. (NASDAQ: ENSG) has acquired the real estate and operations of three skilled nursing and one intermediate care facilities across Idaho and Utah, the company said.

The facilities include Meadow View Nursing and Rehabilitation, a 112-bed skilled nursing facility in Nampa, Idaho; Utah Valley Healthcare and Rehabilitation, a 99-bed skilled nursing facility in Provo, Utah; Heritage Park Healthcare and Rehabilitation, a 115-bed skilled nursing facility in Roy, Utah; and Wide Horizons Intermediate Care Facility, an 83-bed intermediate care facility for individuals with intellectual disability in Ogden, Utah.

Status: Closed

-CHEMCHINA COMPLETES THE SECOND SETTLEMENT OF THE TENDER OFFERS FOR SYNGENTA

Chinese state-owned chemical maker China National Chemical Corp. (ChemChina) has closed the second settlement of ChemChina's tender offers for Swiss seeds and pesticides ***producer*** Syngenta, the company said. Shareholders who tendered their shares after 4 May 2017 received the consideration of USD 465 per share, and holders of American Depositary Shares who tendered their ADSs received USD 93 per ADS, on 7 June 2017.

In the first and the second Settlement, ChemChina acquired 94.7% of Syngenta shares in aggregate. As soon as permitted by law and applicable regulation, it is intended to de-list the shares from the SIX and to de-list the ADSs from the NYSE.

Status: Closed

-FORMER EXPERIAN UNIT LAUNCHES AS CROSS-CHANNEL MARKETING SOLUTIONS FIRM CHEETAH DIGITAL

US-based cross-channel marketing solutions provider Cheetah Digital has launched as an independent marketing technology company, the company said.

Formerly UK-based credit bureau Experian plc's (LSE: EXPN) Experian Cross-Channel Marketing business, the newly established Cheetah Digital is focused on driving results for enterprise marketers at scale. In April 2017,Vector Capital, a global private equity firm specializing in transformational investments, along with Peter McCormick, co-founder of ExactTarget (acquired by Salesforce.com),announced the purchaseof Experian CCM.

Status: Closed

-VAIL RESORTS CLOSES USD 50M ACQUISITION OF VERMONT SKI RESORT STOWE MOUNTAIN

US-based mountain resort operator Vail Resorts, Inc. (NYSE: MTN) has closed the acquisition Vermont, US-based ski resort Stowe Mountain Resort from American International Group, Inc's Mt. Mansfield subsidiary for a purchase price ofUSD 50m, the company said.

Stowe Mountain Resort will be Vail Resorts' first mountain resort on the East Coast and complements the company's network of ten mountain resorts and three urban ski areas. This acquisition brings together Vail Resorts with real estate developer AIG Global Real Estate (AIGGRE) for the long-term success of Stowe Mountain Resort.

Status: Closed

-CHESAPEAKE IRB ACQUIRES INSTITUTIONAL REVIEW BOARD MAGIL IRB

Maryland, US-based institutional review board in clinical research Chesapeake IRB has acquired Maryland, US-based institutional review board MaGil IRB, to support IRB growth in the clinical research industry, the company said.

The MaGil acquisition provides Chesapeake with additional AAHRPP-accredited review capacity and a staff that further broadens Chesapeake's presence for CROs, pharmaceutical companies and biotech companies. This marks Chesapeake's fifth acquisition of an AAHRPP-accredited IRB since 2013, further positioning itself as a supportive IRB in the growth in the clinical research industry.

Status: Closed

-GARDNER DENVER TO ACQUIRE GAS COMPRESSION EQUIPMENT MAKER LEROI COMPRESSORS

Wisconsin, US-based compressed air solutions provider Gardner Denver Holdings Inc. (NYSE: GDI) has acquired Ohio, US-based gas compression equipment manufacturer LeROI Compressors to join Gardner Denver's industrials segment, the company said.

Gardner Denver purchased LeROI for a purchase price of approximately USD 20m funded by cash on hand. LeROI will be part of Gardner Denver's Industrials Segment. The company said this transaction is aligned with its strategy of leveraging core technologies and know-how to drive organic growth and build additional value at acquired companies. LeROI will provide mission-critical gas compression technologies and enable expansion of Gardner's product offering into new and attractive markets.

Status: Agreed

-ARDIAN'S NA DIRECT BUYOUTS TEAM MERGES AUTOMOTIVE SUPPLIERS DYNAMIC TECHNOLOGIES, HURON

The North America direct buyouts team of New York, US-based private investment company Ardian, has mergedItaly based automotive tubular components manufacturer Dynamic Technologies S.p.A.(DT) with Ardian's existing portfolio company Huron, Inc., an automotive fluid-handling systems provider, the company said.

The combined entity creates an expanded supplier of a designer and manufacturer of automotive fluid-handling systems and precision aluminum parts. The merged company will have 10 manufacturing facilities across United States, Canada, Mexico, Italy, United Kingdom, Poland, Hungary and China, serving the North American, European and Asian markets.

Status: Closed

-PERNOD RICARD TO ACQUIRE MAJORITY STAKE IN MEXICAN MEZCAL ***PRODUCER*** DEL MAGUEY

France-based spirits and wine company Pernod Ricard SA's Pernod Ricard USA subsidiary has agreed to acquire a majority stake inMexico-based mezcal provider Del Maguey Single Village Mezcal to expand distribution opportunities, the company said.

Terms of the transaction were not disclosed. The transaction is subject to usual condition precedents and is expected to close within 90 days. Pernod said Del Maguey will operate under its New Brand Ventures division.

Status: Agreed

-INCENTER ACQUIRES STUDENT LOAN SOLUTION FIRM CAMPUSDOOR

Minnesota, US-based mortgage and specialty finance services provider Incenter LLC, a portfolio company of Blackstone, has acquired Pennsylvania, US-based student loan solution provider CampusDoor to join Incenter's lender services group, the company said,

Incenter said CampusDoor's products complement and broaden its lender services offering. CampusDoor provides student loan solutions, systems and processing to its clients. Incenter provides lender clients operating in the mortgage and specialty finance markets with access to capital, secondary markets solutions and fulfillment services.

Status: Closed

-REAL ESTATE SERVICES FRANCHISOR INTERO ACQUIRES WALNUT CREEK, CALIFORNIA FRANCHISE

California, US-based real estate services franchisor Intero Franchise Services Inc., a wholly owned subsidiary of HomeServices of America Inc., has acquired a Walnut Creek, California, US-based real estate franchise to expand coverage in the area, the company said.

Intero Franchise Services, a Berkshire Hathaway affiliate, said the acquisition allows the company to grow in the San Francisco, US-area. Formerly a Better Homes and Gardens Real Estate franchise, the new office services the transactions of more than 6,500 homes within the development. Intero Walnut Creek will also inherit 27 new agents to bolster presence in the East Bay area of San Francisco.

Status: Closed

-SPECIALTY ***PROGRAM*** GROUP ACQUIRES MARKETSCOUT WORKERS COMPENSATION ASSETS

New Jersey, US-based insurance holding company Specialty ***Program*** Group(SPG) has acquired the workers compensation underwriting assets of Texas, US-based insurance distribution and underwriting company MarketScout, a Lloyd's coverholder and MGA for US insurers, the company said.

The assets of MarketScout will be re-branded by SPG as Specialty Comp Insurance Solutions. MarketScout said it ***plans*** to continue to support SPG via its wholesale workers comp division and use the proceeds from the sale to fund InsureTech and MA investments.

Status: Closed

-GTCR ACQUIRES EMERGENCY RESPONSE PROVIDER GREATCALL

Chicago, US-based private equity firm GTCR has agreed to acquire California, US-based connected health and personal emergency response services provider GreatCall, Inc. to expand connected health and emergency response services, the company said.

GreatCall serves active aging communities, reaching over 800,000 subscribers across the United States. GreatCall's product offering connects subscribers to trained agents who can answer questions, dispatch emergency personnel, connect to family caregivers and provide additional concierge services.

Status: Closed

-HUB INTERNATIONAL ACQUIRES ASSETS OF EMPLOYEE BENEFITS ADVISER BRADY INSURANCE

Chicago, US-based insurance brokerage Hub International Ltd. has acquired the assets of New York, US-based employee benefits advisor Brady Insurance ***Planning*** (Brady), the company said.

The company said the acquisition is part of its strategy to expand and strengthen industry and product expertise. Hub International Ltd provides property and casualty, life and health, employee benefits, investment and risk management products and services from offices located throughout North America.

Status: Closed

-ALLERGAN EXPANDS SURGERY PORTFOLIO WITH ACQUISITION OF KELLER MEDICAL

Allergan Sales LLC, a wholly owned subsidiary of Ireland-based pharmaceutical company Allergan plc(NYSE: AGN), has agreed to acquire Florida, US-based medical device company Keller Medical, Inc., as part of portfolio expansion, the company said.

Allergan is focused on providing technologies and products to help surgeons improve procedures.

The company said the acquisition of Keller Medical, developer of the Keller Funnel, a device that improves breast implantation, and reduces the risks of implant contamination during procedures, is a natural complement to Allergan's plastic surgery and regenerative medicine business.

Status: Agreed

-L'OREAL IN EXCLUSIVE TALKS TO SELL BODY SHOP TO BRAZIL'S NATURA COSMETICOS

French cosmetics company L'Oréal has received a firm offer from Brazilian cosmetics maker Natura Cosméticos SA to acquire The Body Shop and has entered into exclusive discussions with Natura, the company said. L'Oréal had launched a review of the ***strategic*** options for The Body Shop.

The proposed transaction values The Body Shop at an enterprise value of EUR 1bn (USD 1.12bn). Acquired by L'Oréal in 2006, The Body Shop is a British brand, focusing on nature-inspired products. Founded in 1976 by Anita Roddick in Brighton, England, The Body Shop has expanded into a category leader in ethical and natural beauty.

Status: Talks

-SOFTBANK TO ACQUIRE ROBOTICS FIRM BOSTON DYNAMICS

A subsidiary of Japanese telecommunications and Internet company SoftBank Group Corp. has entered into a definitive agreement to acquire robotics firm Boston Dynamics from Google parent Alphabet Inc. (NASDAQ: GOOGL), the company said.

The transaction aligns with SoftBank's investments in paradigm-shifting technologies and its vision of catalyzing the next wave of smart robotics. As part of the transaction with Alphabet, SoftBank has also agreed to acquire Japanese bipedal robotics company Schaft.

Status: Agreed

-INFOSYS PUSHES BACK ON MEDIA SPECULATION ABOUT FOUNDERS SELLING STAKE IN COMPANY

Indian IT, business consulting and outsourcing firm Infosys (NYSE: INFY) is pushing back against media reports speculating on ***plans*** by the companay's founders to sell their stake in the firm, Infosys said. According to reports, the founders are exploring the sale of their entire 12.75% stake in the company, worth around INR Crore 28,000 or USD 5.19bn.

Infosys points out that the speculation has already been categorically denied by the founders. The company further reiterates that it has no information on any such development. Infosys is in technology services and consulting, and does business iin more than 50 countries.

Status: Speculation

-SYNGENTA TO SELL SUGAR BEET SEEDS BUSINESS TO DENMARK'S DLF SEEDS

Switzerland-based seeds and pesticides ***producer*** Syngenta, which is merging with China National Chemical Corp. (ChemChina), has entered into an agreement to sell its global Sugar Beet seeds business to Denmark-based DLF Seeds, the company said.

The transaction is subject to customary approval requirements (including local employee consultation procedures) and expected to close by the end of 3Q17. Syngenta is an ***agriculture*** company with 28,000 employees in more than 90 countries. DLF Seedsis a seed company dealing in forage and turf seeds, and other crops.

Status: Agreed

-CENTRICA TO SELL SHARE OF CANADIAN E/P JV TO CONSORTIUM

The CQ Energy Canada Partnership, the Canadian E/P joint venture in which UK-based energy supplier Centrica plc owns a 60% interest, is to be sold to a consortium comprising MIE Holdings Corp., The Can-China Global Resource Fund and Mercuria for a purchase price of CDN 722m (GBP 413m) in cash, the company said.

Centrica's share is worth around GBP 240m (USD 305m). In line with its strategy announced in July 2015, the divestment means Centrica's E/P activity will now be focused solely on European assets, with the group having completed the sale of its gas assets in Trinidad and Tobago in May 2017.

Status: Agreed

-FRENCH AIRPORT OPERATOR AEROPORTS DE PARIS TO UP STAKE IN TURKEY'S TAV AIRPORTS

French airport operator Aéroports de Paris SA, the parent of Groupe ADP, has entered into a share purchase agreement with Turkish infrastructure investor Akfen Holding A.S. for the acquisition of ADP Akfen's stake in Turkish airport operator TAV Havalimanlari Holding A.S., the company said.

Groupe ADP has been a 38% shareholder of TAV Airports since 2012. With this transaction, Groupe ADP will acquire an 8.12% stake in TAV Airports, for an amount of USD 160m. The transaction values TAV Havalimanlari Holding's equity at around USD 2bn, equivalent to TRY19.2 per share.

Status: Agreed

-IHH HEALTHCARE BREAKS GROUND ON SHANGHAI HOSPITAL AS PART OF RMB 8BN CHINA PUSH

Hospital operator IHH Healthcare and its ***strategic*** partner in Mainland China, Taikang Insurance Group and their project joint venture partner Shanghai Hongxin Medical Investment Holding Co Ltd, have broken ground for Gleneagles Shanghai Hospital, a 450-bed multispecialty general hospital in Shanghai New Hongqiao International Medical Center, the company said.

The 450-bed Gleneagles Shanghai will provide integrated healthcare for residents in Yangtze River Delta and beyond when it opens in 2020. This move is part of a RMB 8bn (USD 1.18) pipeline of hospitals across Greater China as IHH sets out to make China its fifth home market

Status: Agreed

-SCA TO CLOSE TISSUE PRODUCTION PLANT IN ARIZONA, US

Swiss hygiene and forest products company SCAhas decided to close the tissue production plant inFlagstaff, Arizona, in the US to further improve efficiency and strengthen the competitiveness for its Professional Hygiene business inNorth America, the company said.

According to a report in the Arizona Daily Sun, citing a plant spokesperson, the plant employs 78 people who will be losing their jobs. The closure of theFlagstafftissue production plant is part of SCA's Tissue Roadmap and is aligned with the company's strategy to optimise the geographic production footprint to drive cost and capital efficiency and further increase value creation in the Professional Hygiene business area.

Status: Agreed

-TRUMARK COMMUNITIES WINS BID FOR CALIFORNIA MASTER-***PLANNED*** COMMUNITY

US-baseddeveloperTrumark Companies' Trumark Communities residential land development platform has acquired an 823 lot master-***planned*** community inChino, Californiathrough a public foreclosure auction on the steps ofSan Bernardino CountyCourthouse on1 June, the company said.

Trumark Communities' opening credit bid ofUSD 2.1mwas unchallenged by any qualified bidders at the auction and represented only a portion of theUSD 10.4min defaulted notes owned by the company on the property.Concurrent with the acquisition of this 270-acre property, Trumark negotiated a two-year extension on an additionalUSD 19mloan that was also in default on the property.

Status: Agreed

-1847 HOLDINGS BUYS US ***AGRICULTURAL*** EQUIPMENT FIRM NEESE

US-basedmergers and acquisitions advisor Generational Equity's client, US-based ***agriculture***, construction, and lawn and garden industries provider Neese Inc. has been acquired by US-based partnership 1847 Holdings LLC (OTC: EFSH), the firm said.

Neese, based inGrand Junction, Iowa, provides a range of products and services to the ***agriculture***, construction, and lawn and garden industries. A sampling of products include tractors; grain augers and handling equipment; liquid manure spreaders, agitators, and pumps; manure hauling equipment; crop shredders and grain baggers.

Status: Closed

-HEIDELBERG TAKES OVER PARTNER FUJIFILM'S EMEA REGION COATINGS AND PRESSROOM CHEMICALS OPERATIONS

Germany based mechanical engineering company Heidelberger Druckmaschinen AG (FWB: HDD) is acquiring the EMEA region coatings and pressroom chemicals operations of ***strategic*** partner Fujifilm Europe BV, the company said. Fujifilm Europe BV is a unit of Japanese photography and imaging company Fujifilm (TYO: 4901).

With the move, Heidelberger is expanding into the attractive growth segment for consumables. The acquired operations account for a sales volume of approximately EUR 25m. The acquisition includes, among other things, the takeover of both production sites in Reutlingen,Germany, and Kruibeke,Belgium, which employ a total of about 70 staff.

Status: Agreed

-CONSORTIUM LED BY GL CAPITAL TO ACQUIRE US DRUGMAKER SCICLONE IN USD 605M DEAL

A consortium consisting of entities affiliated with GL Capital Management GP Ltd., Bank of China Group Investment Ltd., CDH Investments, Ascendent Capital Partners and Boying announced have entered into a definitive merger agreement under to acquire all the outstanding shares of US-based drugmaker SciClone Pharmaceuticals, Inc. (NASDAQ: SCLN) forUSD 11.18per share in cash, the principals said.

The transaction will be funded by the buyer consortium through a combination of equity financing to be provided by the buyer consortium and debt financing, and is not subject to a financing condition. This transaction, which was unanimously approved by SciClone's board, values the company at approximatelyUSD 605m, on a fully diluted basis, and represents a premium of 11% over SciClone's closing stock price on7 June 2017and a premium of 16% over its ten-day volume-weighted average closing stock price.

Status: Agreed

-CRESSEY AND CO ACQUIRES MAJORITY STAKE IN STATLAB MEDICAL PRODUCTS

US-based healthcare-focused private investment firm Cressey and Co LP has acquired a majority stake in US-based diagnostic supplies makerStatLab Medical Products, the firm said. Cressey and Co has acquired a majority ownership position from selling shareholder, Prairie Capital, L.P., with certain members of StatLab's management team holding ownership stakes in the company as well.

The recapitalisation positions StatLab, which has a 40-year history, to continue executing on its growth strategy. In conjunction with the investment in StatLab,Dan Eckert, an experienced healthcare services executive, has been appointed to the position of chief executive officer.

Status: Closed

-CIBC, PRIVATEBANCORP MERGER TO CLOSE ON 23 JUNE

Canadian financial services firm Canadian Imperial Bank of Commerce (CIBC) (TSX: CM) (NYSE: CM) (TSX: CM) (NYSE: CM) and US-based bank holding company PrivateBancorp, Inc. (NASDAQ: PVTB) have received all regulatory approvals required to complete CIBC's acquisition ofChicago-based.

PrivateBancorp, Inc. pursuant to their amended merger agreement announced on4 May 2017, the companies said. CIBC and PrivateBancorp anticipate that the acquisition will close on23 June 2017. The revised terms were unanimously approved by both boards of directors.

Status: Agreed

-INVESTOR ANCORA ACQUIRES ECO-FOCUSED BEAUTY BRAND INDIE LEE

US-based beauty industry-focused investment firmAncora Investment Holdings has acquired eco-focused lifestyle brand, Indie Lee, the firm said. Ancora was founded through a partnership between beauty industry veterans,Lori Perella KrebsandNicky Kinnaird, and consumer private equity firm, Winona Capital.

The partnership offers a mix of brand building, financial acumen and operational expertise fueled by passion, creator appreciation and love of brands. Ancora has created a platform to partner with global health, beauty and wellness brands that have an authentic voice and raison d'être.

Status: Closed

-FLEXPOINT FORD SELLS SERVICE FINANCE STAKE IN ECN CAPITAL

US-basedfinancial services and healthcare-focused private equity firm Flexpoint Ford, LLC's minority-owned holding, US-based home improvement and solar project finance specialist Service Finance Company, has agreed to be acquired by Canadian commercial finance company ECN Capital Corp. (TSX: ECN), the firm said.

ECN Capital is buying the company for CDN 410m (USD 303.32m). SFC is a technology-enabled, point-of-sale originator of financing for home improvement and solar projects in which Flexpoint has held a significant minority equity stake sinceOctober 2015.

Status: Agreed

-IMTIYAZ MOMIN ACQUIRES ONLINE PAYMENTS PLATFORM PAYFUNNELS

Technology entrepreneur Imtiyaz Momin has acquired US-based online payments platform Payfunnels, Momin said. Payfunnels provides secure payment forms. John Philip MorganandDave Rogenmoser, co-founders of marketing company, Market Results started Payfunnels to help businesses manage invoices, schedule future payments and sell products. The platform is supported by Stripe.

Imtiyaz Mominis the co-founder of iAstute, aTexasbased technology company servicing businesses from web development and IT support to mobile app development, internet marketing and e-commerce.

Status: Closed

-GRUBHUB TO ACQUIRE BOSTON ONLINE FOOD-ORDERING FIRM FOODLER

Chicago, US-basedtakeout marketplace Grubhub has entered into an agreement for an all-cash transaction to acquire Boston, US-based online food-ordering firm Foodler, the company said.

The agreement withFoodler, which is subject to certain closing conditions, extends Grubhub's leadership in New England and will add more thanUSD 80mof annualised gross food sales in 2017. This will expand the breadth and depth of Grubhub's national network of more than 55,000 existing restaurant partners and 8.8m active diners.

Status: Agreed

**Load-Date:** June 9, 2017

**End of Document**



[***13th Five-Year Plan: Key Points***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RGN-MVF1-F0J5-82N4-00000-00&context=1516831)

Business Monitor Online

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**Length:** 2425 words

**Highlight:** 13th Five-Year ***Plan***: Key Points

**Body**

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**Targets**

|  | **2015** | **2020** | **Annual changes** | **Binding** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
| Economic development |  |  |  |  |
| (1) GDP, CNYtrn | 66.7 | >92.7 | >6.5% |  |
| (2) Productivity: CNY10,000/person | 8.7 | >12 | >6.6% |  |
| (3) Urbanisation rate, (residential), % | 56.1 | 60 | 3.9\* |  |
| (3) Urbanisation rate, (Hukou), % | 39.9 | 45 | 5.1\* |  |
| (4) Services as a share of GDP, % | 50.5 | 56 | 5.5\* |  |
|  |  |  |  |  |
| Innovation |  |  |  |  |
| (5) R&D as a share of GDP, % | 2.1 | 2.5 | 0.4\* |  |
| (6) Patents per 10,000 people | 6.3 | 12 | 5.7\* |  |
| (7) Contribution of technology advancement, % | 55.3 | 60 | 4.7\* |  |
| (8) Broadband access, % | 40 | 70 | 30\* |  |
| (8) Mobile Wi-Fi access, % | 57 | 85 | 28\* |  |
|  |  |  |  |  |
| People's living conditions |  |  |  |  |
| (9) Disposable income growth rate, % |  |  | >6.5 |  |
| (10) Average education level, year | 10.23 | 10.8 | 0.57\* | Y |
| (11) Job creation, 10,000 |  |  | >5,000\* |  |
| (12) Poverty relieved rural population, 10,000 |  |  | 5,575\* | Y |
| (13) Population with pension, % | 82 | 90 | 8\* |  |
| (14) Reconstruction of shanty areas, 10,000 |  |  | 2,000\* | Y |
| (15) Life expectancy, year |  |  | 1\* |  |
|  |  |  |  |  |
| Environment |  |  |  |  |
| (16) Arable land, 10mn Mu | 18.65 | 18.65 | 0\* | Y |
| (17) Additional land for construction, 10,000 Mu |  |  | <3,256\* | Y |
| (18) Water usage reduction per unit GDP |  |  | 23\* | Y |
| (19) Energy usage reduction per unit GDP |  |  | 15\* | Y |
| (20) Non-fossil fuel, % | 12 | 15 | 3\* | Y |
| (21) Carbon emission reduction per unit GDP |  |  | 18\* | Y |
| (22) Forest coverage, % | 21.66 | 23.04 | 1.38\* | Y |
| (22) Forest reserve, bn metre cube | 15.1 | 16.5 | 14\* | Y |
| (23) Air quality: days of good quality/365, % | 76.7 | >80 |  | Y |
| (23) PM2.5 reduction for polluted cities |  |  | 18\* | Y |
| (24) Water: better than class III, % | 66 | >70 |  | Y |
| (24) Water: less than class V, % | 9.7 | <5 |  | Y |
| (25) Other pollutants - chemical oxygen demand reduction, % |  |  | 10\* | Y |
| (25) Other pollutants - ammonia nitrogen reduction, % |  |  | 10\* | Y |
| (25) Other pollutants - sulphurA dioxide reduction, % |  |  | 15\* | Y |
| (25) Other pollutants - nitrogen oxides reduction, % |  |  | 15\* | Y |

\*indicates cumulative. Source: BMI **Development Concepts: Innovation, Coordination, Environmentally Friendly, Open-Door, Sharing** The central government will urge officials to follow through on new development concepts and adapt to the 'new norm' of economic development. The government will help expand total demand (via monetary and fiscal policies) if necessary, but will mainly focus on supply-side structural reforms, so that production will fit the increasingly sophisticated demands of the Chinese population. Chapter 2: Innovation To Drive Development **Technology And Innovation** Support the development of frontier tech and science. Let enterprises to lead innovation, while using national funds to develop large projects. Construct high-end national science laboratories for the development of fundamental sciences. Develop large high-tech and innovation centres to utilise economies of scale. **Mass Entrepreneurship And Innovation** Encourage the development of service centres in different parts of China to start-up companies and small- and medium-sized companies. Encourage the population to participate in the mass entrepreneurship and innovation ***programme*** by promoting crowd-sourcing, collective support and crowd-funding. **Build A System That Encourages Innovation** Instead of pushing for innovation themselves, government entities should provide services to those who innovate. Develop and enhance the system to ease the process of monetising technological achievements. Ensure that technocrats and scientists can earn a proportional profit for the technological advancement they bring about. Develop a system that supports mass innovation. **Focus On Talent** Continue to expand the pool of skilled labour. Improve the allocative efficiency and mobility of skilled workers. Improve the work environment for talent, attracting foreign talent and encouraging overseas students to come back. **Develop New Drivers For Growth** Promote the upgrade of consumer goods to meet the needs of more sophisticated consumers. Expand effective investment. Find new comparative advantages for exports. Chapter 3: Economic Institutions **Enhance The Existing Economic System** State-owned enterprise (SOE) reforms: Continue to consolidate SOEs, make them bigger, better and stronger. Strengthen the system to manage SOE assets: develop national investment and management companies to manage state assets. Promote mixed ownership structure for companies. Promote the healthy development of the non-public sector. Adopt modern practices with regards to the protection of property rights. **Improve Market Efficiency** Continue price reforms on commercial goods and promote fair competition. **Deepen Reforms For The Administrative System** Allow decentralisation to prevent excessive ***intervention*** of government authorities and simplify administrative processes. Improve the efficiency of oversight and services. **Speed Up Fiscal And Taxation Reform** The central government should wield more power and responsibility in terms of fiscal decision-making; continue to conduct taxation reform; improve the system for transfer payments from the central government to local governments; and improve the efficiency of fund allocation for local governments. Regulate the budget disclosure process and improve transparency. Continue to reform the tax system. Improve the sustainability of government spending. **Financial Sector Reforms** Allow the development of various financial institutions to meet different financial needs of the population. Improve transparency of the financial system and deleverage the financial market. Enhance the oversight mechanism and improve efficiency. **Improve Macroeconomic Management Skills** Local governments need to follow the central government's ***plans*** and strategies. Improve and develop new methods for macroeconomic management. Improve the decision-making and execution process for economic policies. Adopt the negative list system to improve the investment and financing experience for enterprises. Chapter 4: Modernisation Of The ***Agricultural*** Sector **Food Security** Ensure food production security by preventing the reduction of arable land and improving the quality of arable land. Encourage farmers to change their production to better fit market demand. Push for the development of secondary and tertiary sectors in rural areas. Improve the quality of food by setting stricter standards and improving supervision. Improve the sustainability of the ***agricultural*** sector by promoting environmentally friendly production methods. On the international market, China should import only when needed, and needs to export more. Companies need to continue to seek overseas investment opportunities. **Modernise The Business Model In The *Agricultural* Sector** Allow companies to gain economies of scale through long-term land leasing and other methods. Encourage the development of new types of business entities (such as cooperative) in the sector. Strengthen the development of ***agriculture***-related service sectors. Encourage the use of machinery in ***agriculture*** for more efficient production; utilise information technology to improve management and allocative efficiency. **Improve Support And Protective Measures For *Agriculture*** Government will extend subsidies in the ***agricultural*** sector. Improve the pricing and storage policies for ***agricultural*** products. Improve financial services in the rural areas. Chapter 5: Industries **Manufacturing** Increase the potential for further industrial upgrades by focusing on materials science and other key technologies that are fundamental to industrials. Promote the development of new manufacturing methods (such as intelligent manufacturing). Push for the upgrade of traditional manufacturing sectors. Enhance the quality and branding of Chinese products. Curb overcapacity through market measures, financial subsidies, legal or even administrative measures. Lower costs for companies: simplify regulation, provide tax relief, and lower energy prices and logistics costs. **Support The Development Of Cutting-Edge Industries And Let Them Drive Growth** Let cutting-edge industries support growth. Support the development of strategically important industries (such as aerospace, IT, life science and nuclear). Allow these industries to gain economies of scale. Improve the business environment for them. **Support The Development Of The Services Sector** Promote the professionalisation of ***producer*** services (such as consulting, legal, ratings, etc). Improve the quality of consumer services (such as tourism, entertainment, etc). Allow the market to play a greater role by enhancing the regulatory environment. Chapter 6: Expand The Network Economy **Build A More Efficient Information Network** Improve the high-speed fibre network and mobile network system. Speed up the development for IT technology. Increase the speed for networks and reduce fees. **Internet + *Plan*** Enhance knowledge of fundamental IT technology. Promote the bridging of Internet and offline industries. **National Big Data Strategy** Speed up the process of official data-sharing ***programmes***. Promote the healthy development of the big data industry. Promote cybersecurity. Chapter 7: Build A Modern Infrastructure Network **Improve The Existing Modern Transportation System** Enhance the national railway system. Develop an intercity urban transport system. Improve the efficiency and role of national transportation interchanges. Reduce carbon emissions; adopt IT to improve the efficiency and reliability of managing the transportation system. **Modernise The Energy Sector** Shift energy consumption structure towards the use of more environmental friendly energy sources. Develop a more intelligent energy transfer and storage system. Use IT to develop an intelligent management system of energy production. **Water Safety** Improve the allocative efficiency of water resources. Perfect hazard prevention measures (flood and drought control). Chapter 8: New-Type Urbanisation **Speed Up The Process Of Converting The Rural Population To Urban Citizens** Deepen Hukou reform. Adopt a residential certificate system for all cities to ensure social security coverage. Improve the system of such conversion processes. **Improve The Layout Of Cities** Promote city clusters and use them as the blueprint for regional development. Adopt the 'central cities + satellite cities' model to improve resource allocation efficiency in each region. Promote small- and medium-sized cities and cities with unique characteristics. **Improve Living Conditions In Urban Areas** Promote new-type urbanisation. Improve infrastructure in cities. Speed up the reconstruction of the shantytowns and develop necessary amenities. Improve the efficiency and quality of managing cities. **Enhance The Housing Supply System** Provide housing subsidies to less-well-off families; improve the public housing system; continue to manage housing markets to ensure the healthy development of property markets. **Coordinated Development Between Urban And Rural Areas** Promote county economies; improve the countryside; allocate public resources to rural and urban areas equally. Chapter 9: Coordination Of Regional Development **Follow The Central Government's *Plan*** Promote the western development ***plan***. Revitalise northeast China and other traditional industrial hubs. Support the development of Central China. Allow East China to lead economic and social development. Richer regions to support the poorer regions. **Jing-Jin-Ji Integration** Offload non-essential functions from Beijing. Optimise the space usage in the region and allocate adequate functions. Build an integrated transportation system. Improve environmental conditions. Promote the sharing of public services within the region. **The Yangtze River Economic Belt** Environmental protection: reduce water pollution and increase vegetation coverage. Improve the quality of the transportation system along the Yangtze River. Improve the ***strategic*** layout and allocation of industries for cities along the Yangtze River. **Subsidise The Development Of Less Developed Regions** Support the development of old revolutionary bases, autonomous regions and border areas. Promote industrial transformation in those regions. **Marine Economy** Promote the development of the marine economy. Enhance environmental protection in the seas. Protect maritime sovereignty and develop a mechanism to settle territorial disputes. Chapter 10: Environmental Protection Optimise the urbanisation layout in China by following the 'Two Horizontal Lines, Three Vertical Line' layout. Avoid waste of natural resources (water, land, mining products, etc). Develop a 'Circular Economy' to encourage recycling, and improve the efficiency of resource consumption. Reduce pollution and emissions, prevent environmental hazards; strengthen environment-related infrastructure and legal systems; allow degenerated regions to recover. Promote environmental protection industry. Chapter 11: Continue Opening Up **Set Up Multi-Dimensional, Multi-Tiered And Composite Connectivity Networks** Continue to cooperate with other countries to dissolve excess production capacity. Exporters need to upgrade their production. Continue to attract foreign investment and scale up outbound investments. Improve the institutions for cross-border business activities. Promote the implementation of the OBOR initiative. Others: **Intensify Cooperation With Hong Kong, Macau And TaiwanStrive To Alleviate Poverty** Take targeted measures to ensure that assistance reaches poverty-stricken villages and households. **Improve The Education And Physique Of The Population** Deepen healthcare reform. Support the development of Chinese traditional medicine. Improve the medical insurance system to cover the entire population. Improve institutions and mechanisms for managing and supervising food and drug safety. **Improve The People's Well-being** Local governments need to be proactive in promoting job creation. Reduce income inequality in China. Improve the social security system in China. Do a better job creating employment. **Editor's note**: This is an unofficial BMI summary of the 13th Five-Year ***Plan***. It is a translation of the text that was presented by Chinese state-owned media after it was approved by the National People's Congress on March 16 2016 (see source below). The purpose of this translation is to provide as accurate an account as possible in English of the key points of the 13th Five-Year ***Plan***.Source: Xinhua News Agency /politics/2016lh/2016-03/17/c\_1118366322.htm)

**Load-Date:** January 24, 2018

**End of Document**



[***M and A Navigator: Deal pipeline -3 May***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S7V-GBH1-F0K1-N4JV-00000-00&context=1516831)

M&A Navigator

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**Body**

MANAVIGATOR-May 3, 2018-M and A Navigator: Deal pipeline -3 May

The following is a list of deals covered in detail by M and A Navigator this week:

-MOLY-CAP CLOSES ACQUISITION OF DONHAD AUSTRALIAN MINING BUSINESS FROM VALMONT

Australia-based ore-grinding manufacturer Moly-Cop has closed the acquisition ofAustralianmining consumables business Donhad Pty. Ltd. from Nebraska, US-based Valmont Industries, Inc. (NYSE: VMI), a manufacturer of engineered products and services for infrastructure, and irrigation equipment for ***agriculture***, the company said.

Moly-Cop is a portfolio company of US-based private equity firm American Industrial Partners. Valmont said it ***plans*** to use the proceeds from the sale to reinvest in opportunities to grow and improve its existing infrastructure and ***agricultural*** businesses.

Status: Closed

-KNAUF 'ENCOURAGED' THAT USG BOARD AUTHORIZED MANAGEMENT TO ENTER INTO BUYOUT TALKS

The board of German building products makerGebr. Knauf KG is "encouraged" that US-based building products manufacturer USG Corp.'s (NYSE: USG) board is willing to enter into a confidentiality agreement to facilitate discussions regarding Knauf'sUSD 42 per share cash offer, the company said on a statement.

This week, USG authorised management to commence negotiations with Germany's Gebr Knauf KG regarding a potential sale of the company. USG's largest shareholder is Warren Buffett's Berkshire Hathaway (NYSE: BRKa). The company's second-largest shareholder is Knauf. In March, USG received a USD 5.9bn takeover bid from Knauf. USG, prodded by objections by Berkshire and two proxy advisors, rejected this bid.

Status: Bidding

-URBAN ONE TO SELL ASSETS OF WPZR-FM RADIO STATION IN DETROIT

US-based media company Urban One, Inc.(NASDAQ: UONEK) has signed a definitive agreement to sell the assets of one of itsDetroit, Michigan,radio stations,WPZR-FM(102.7 FM), to Educational Media Foundation, ofCalifornia, for total consideration ofUSD 12.7m, the company said.

As part of the deal, Urban One will receive 3 FM translators that service theDetroitmetropolitan area, and these signals will be combined with its existing FM translator to multicast the Detroit Praise Network. The closing on the sale ofWPZR-FMis subject to customary conditions, prorations and adjustments, including approval from theFederal Communications Commission.

Status: Closed

-ENCOMPASS HEALTH CLOSES ACQUISITION OF HEALTH, HOSPICE AND PRIVATE DUTY FACILITIES OPERATOR CAMELLIA HEALTHCARE

Alabama, US-basedpost-acute care provider Encompass Health Corp. (NYSE: EHC) has closed the acquisition of privately owned Mississippi, US-based health, hospice and private duty facilities operator Camellia Healthcare and affiliated entities, the company said.

Camellia Healthcare operates a portfolio of home health, hospice and private duty locations inMississippi,Alabama,LouisianaandTennesseeand generated revenues of approximatelyUSD 78min 2017. The transaction is expected to close in 2Q18, subject to regulatory approval. Encompass Health expects to fund the transaction with cash on hand and borrowings under its revolving credit facility.

Status: Closed

-FIRST TEAM REAL ESTATE ADDS SECOND LOS ANGELES COUNTY LOCATION THROUGH LONG BEACH JOINT VENTURE

California, US-based real estate brokerage First Team Real Estate has merged with SonnoccoReal Estate Group, the firm said.

The initiative will bring First Team Real Estate's brand of real estate service to theLong Beacharea and its surrounding markets. Founded in 2012 byBill Larsonand Phillip Mazzocco, Sonnocco Real Estate Group has since grown to include a total of 42 experienced agents, driving overUSD 120min sales each year.

Status: Closed

-GRAY AGREES TO ACQUIRE SOUTH DAKOTA, US TELEVISION STATION KDLT-TV

Atlanta, US-based media companyGray Television, Inc. (NYSE: GTN) has reached an agreement with Red River Broadcasting Company to acquire KDLT-TV, the NBC affiliate for theSioux Falls, South Dakotamarket (DMA 110), forUSD 32.5min cash, the company said.

The acquisition of KDLT-TV would unite the station's strong staff and legacy of community leadership with Gray's KSFY-TV, which serves as the market's ABC and CW affiliate.

Status: Agreed

-COASTALSOUTH BANCSHARES TO ACQUIRE GEORGIA, USA'S FIRST CITIZENS FINANCIAL IN USD 11.6M DEAL

South Carolina, US-based bank holding company CoastalSouth Bancshares, Inc. (OTCQX: COSO) has agreed to acquire Georgia, US-based bank holding company First Citizens Financial Corp., the parent company of Foothills Community Bank, the company said..

Following completion of the merger, Foothills will become part of CSB and will continue to be led by its existing management team ofJohn L. LewisandSteven F. Smith.

Status: Agreed

-WILLDAN ACQUIRES ENERGY ENGINEERING FIRM NEWCOMB ANDERSON MCCORMICK

US-based consulting and technical services provider Willdan Group, Inc. (NASDAQ: WLDN) has acquired California, US-based energy engineering and consulting firm Newcomb Anderson McCormick, Inc., the company said.

Newcomb Anderson McCormick has offices in San Francisco and Los Angeles that provides clients with mechanical engineering expertise and comprehensive energy efficiency ***programs*** and services. Through its 13-year history, NAM has developed energy efficiency projects, distributed resources, and ***strategic*** energy ***plans*** and ***programs*** primarily for municipal and higher education customers.

Status: Closed

-NANO FINANCIAL CLOSES USD 23M ACQUISITION OF COMMERCE BANK OF TEMECULA VALLEY

California, US-based acquisition company Nano Financial Holdings, Inc. has closed the acquisition of all outstanding shares of California-based Commerce Bank of Temecula Valley (CKTM) for approximately USD 23.3m, the company said.

Under the terms of the agreement, CKTM shareholders will have the right to receive USD 14.41 per share in cash or stock of Nano Financial Holdings, Inc. The shareholders of Commerce Bank of Temecula Valley will be exchanging at least 25% of its shares for shares in Nano with a maximum of 49% of the consideration coming in the form of stock. The offer to purchase received unanimous approval from Commerce Bank of Temecula Valley's board of directors.

Status: Closed

-COOK AND BOARDMAN ACQUIRES TEXAS, US DISTRIBUTOR DOOR PRO SYSTEMS

US-based door distributor The Cook and Boardman Group has acquired Texas, US-based commercial door, hardware and access control products distributor Door Pro Systems, the company said.

Cook and Boardman is a portfolio company of Ridgemont Equity Partners. The company has completed six acquisitions under Ridgemont's ownership and two acquisitions within Texas, making Cook and Boardman the largest distributor in the state.

Status: Closed

-LSC COMMUNICATIONS TO ACQUIRE PRINT LOGISTICS COMPONENT OF RR DONNELLEY'S LOGISTICS BUSINESS

US-based printers LSC Communications (NYSE: LKSD) and R.R. Donnelley and Son's Company (NYSE: RRD) have entered into a definitive agreement for LSC Communications to acquire the Print Logistics component of RRD's Logistics business, the companies said.

RRD's Print Logistics capabilities include a range of logistics services and technologies to optimize the print distribution and mail supply chain, including solutions that drive postal discounts.

Status: Agreed

-ONTARIO SYSTEMS ACQUIRES JUSTICE SYSTEMS TO EXPAND IN GOVERNMENT SECTOR

US-based enterprise revenue cycle management software provider Ontario Systems has acquired US-based court case management software, and electronic payments solutions provider Justice Systems, Inc., the company said.

Justice Systems serves government clients including state and municipal court systems. Ontario Systems and Justice Systems are players in the government software sector, both with over 35-year histories of providing trusted solutions to their clients.

Status: Closed

-US RETAILER MACY'S ACQUIRES NYC CONCEPT STORE STORY

US-based retailer Macy's, Inc. (NYSE: M) has acquired New York City concept store Story, the company said. Additionally, Rachel Shechtman, Story's founder and chief executive officer, will join Macy's, Inc. as brand experience officer, founder of Story, reporting directly to Hal Lawton, president of Macy's.

In her role, Shechtman will focus on ways to enhance the in-store customer experience with the Macy's brand and Story will have the opportunity to come to life in a new format.

Status: Closed

-APTAR ACQUIRES FRENCH BEAUTY PACKAGING SPECIALIST REBOUL IN EUR 14M DEAL

US-based dispensing solutions provider AptarGroup, Inc. (NYSE: ATR) has acquired French beauty packaging specialist Reboul from Vacheron Industries SAS, the company said.

Reboul is a French specialist in the design and industrial production of metal components, metal-plastic sub-assemblies, next generation lipstick mechanisms, and complete color cosmetic packaging solutions. This acquisition brings to Aptar complementary capabilities including deep metal drawing, high speed metal stamping, as well as differentiated lipstick mechanism design and manufacturing.

Status: Closed

-TREND OFFSET PRINTING TO ACQUIRE LSC COMMUNICATIONS' RETAIL OFFSET PRINTING FACILITIES

US-based print and digital media solutions company LSC Communications (NYSE: LKSD) and US-based printer Trend Offset Printing have entered into a definitive agreement for Trend to acquire LSC's retail offset printing facilities, the companies said.

Newspaper inserts, which are traditionally used by retailers to advertise promotional offers, are the main product ***produced*** on LSC's retail offset assets. The agreement is subject to customary closing conditions and is expected to close during 2Q18.

Status: Agreed

-PENNSYLVANIA AMERICAN WATER TO ACQUIRE SADSBURY TOWNSHIP'S WASTEWATER

US-based water utility operator American Water's (NYSE: AWK) Pennsylvania American Water subsidiary has signed an agreement to acquire the wastewater assets of Sadsbury Township in Chester County, the company said.

The total value of the transaction is approximately USD 9.25m. The Sadsbury wastewater system serves approximately 1,000 customers.

Status: Agreed

-L AND W SUPPLY TO ACQUIRE NEXGEN BUILDING SUPPLY

US-based building materials and specialty products distributor L and W Supply Corp has signed a definitive agreement to acquire NexGen Building Supply, the company said.

NexGen distributes drywall, ceiling systems, steel stud and other building materials, with locations in Wisconsin, Illinois, Indiana, Kentucky, Tennessee and Ohio. As a distributor of interior building products in the Midwest, the NexGen acquisition supports L and W Supply's overall growth strategy.

Status: Agreed

-AIRGAS ACQUIRES US GAS SUPPLY BUSINESS WELLER WELDING

French industrial gasses ***producer*** Air Liquide's (PAR: AI) US-based Airgas, Inc subsidiary hasacquired the assets and operations of US-based industrial gas, beverage gas and welding supply business Weiler Welding Company, Inc., the company said.

Airgas is a US supplier of industrial, medical and specialty gases, welding technologies, and safety products. The acquisition marks the 500thin Airgas' 36-year company history.

Status: Closed

-ARDURRA-KING ACQUIRES ENVIRONMENTAL CONSULTING FIRM E CO

US-based consulting and engineering services provider Ardurra-King Engineering has acquired Florida, US-based environmental consulting firm E Co Consultants Inc., the company said. E Co specialises in ecological services associated with land development and growth-related issues.

The firm's expertise includes Local, State and Federal environmental permitting, utility permitting, existing condition site assessments, wetland delineation, ecosystem management and wildlife services. Ardurra-King provides a range of consulting and engineering services to public and private entities throughout the United States.

Status: Closed

-SEGALL BRYANT/HAMILL CLOSES ACQUISITION OF DENVER INVESTMENTS TO BROADEN INVESTMENT OFFERINGS

Chicago, US-based investment management firm Segall Bryant and Hamill, LLC has closed the acquisition of Colorado, US-based investment firm Denver Investments, and will rebrand as Segall Bryant and Hamill LLC (SBH), the company said.

SBH said this acquisition represents an opportunity to bring together two culturally aligned organisations with complementary investment capabilities. The union will allow the company to deepen its investment talent and broaden investment offerings, geographical presence, client service and distribution capabilities.

Status: Closed

-PARKERGALE CAPITAL ACQUIRES LEGAL ENTERPRISE SOFTWARE PROVIDER RIPPE AND KINGSTON

US-based law firm financial and practice management software provider Rippe and Kingston has received a majority investment from technology-focused private equity firm ParkerGale Capital, the company said.

Rippe and Kingston was founded in 1982 by George Kingston and Joe Rippe, and has established itself as a reliable, best-of-breed software provider for law firms. They provide their clients with an integrated solution for revenue and expense management, timekeeping, practice management and analytical reporting tools to successfully and profitably manage law firms.

Status: Closed

-JANNEY ACQUIRES BALTIMORE, US INVESTMENT BANK HIGHBANK ADVISORS

Philadelphia, US-based wealth management, capital markets, and asset management company Janney Montgomery Scott LLC has acquiredBaltimore, US-based investment bank and financial advisory firm HighBank Advisors, the firm said.

HighBank Advisorsis headquartered in Baltimore, Maryland with a presence in Philadelphia. The transaction will strengthen Janney's leadership in the M and A space and enhance its comprehensive advisory services expertise, particularly in the business services, technology and industrial sectors.

Status: Closed

-CARBON NATURAL GAS ACQUIRES OIL ***PRODUCING*** ASSETS IN VENTURA BASIN, CALIFORNIA

US-based oil and natural gas company Carbon Natural Gas Company (OTCQB: CRBO), through its subsidiary Carbon California company, LLC, has completed the acquisition of oil and gas ***producing*** properties and related facilities located in the Ventura Basin of California for USD 43m, the company said.

The acquired assets are comprised of conventional light, sweet crude oil production with shallow base decline. Carbon Natural Gas said the acquisition increases the volume of light oil production and proved reserves of Carbon California and provides for additional cash flow from Carbon's Ventura Basin operating region.

Status: Closed

-ANNALY CAPITAL MANAGEMENT TO ACQUIRE MTGE INVESTMENT FOR USD 900M

US-based capital manager Annaly Capital Management, Inc. (NYSE: NLY) and US-based real estate investment trust MTGE Investment Corp. (NASDAQ: MTGE) have inked a definitive merger agreement under which Annaly will acquire MTGE for consideration to be paid in cash and shares of Annaly common stock, the firms said.

This deal values MTGE at USD 19.65 per share of MTGE common stock based upon the closing price of Annaly common stock on April 30, 2018.. The value of the consideration represents a premium of approximately 12% to the 60-day volume-weighted average price of MTGE common stock ending on April 30, 2018.

Status: Agreed

-CALTIUS EQUITY PARTNERS INVESTS IN US HEALTHCARE TECHNOLOGY FIRM HEALTH PAYMENT SYSTEMS

US-based private equity firm Caltius Equity Partners has made a "significant" investment in US-based healthcare technology and services company Health Payment Systems, the firm said. HPS will use the capital to accelerate the growth of existing products and expand its product offerings.

The company's patented SuperEOBand advanced electronic data interchange technology consolidates and transmits claims and payment information between all stakeholders, resulting in a single monthly statement and payment for consumers; outsourced billing, collections and faster payment for providers; and, improved customer service for insurance companies and employers.

Status: Closed

-NHI ACQUIRES OHIO, PENNSYLVANIA ASSISTED LIVING/MEMORY CARE COMMUNITIES

Tennessee, US-based REIT National Health Investors, Inc. (NYSE: NHI) has acquired five Ohio and Pennsylvania-based assisted living/memory care communities totaling 320 units for a total investment of USD 69.75m, inclusive of USD 500,000 in capitalized transaction costs and USD 1.75m for capital improvements, the company said.

The communities will be leased to an affiliate of Bickford Senior Living at an initial rate of 6.85% with annual fixed escalators and a 15-year maturity. The purchase was funded with a draw on NHI's revolving credit facility.

Status: Closed

-PROAMPAC ACQUIRES GATEWAY PACKAGING TO EXPAND PRODUCT OFFERING

Ohio, US-based flexible packaging company ProAmpac has acquired Tennessee, US-based flexible packaging and technical products company Gateway Packaging to expand product offerings, the company said.

ProAmpac said the acquisition of Gateway expands the company's product offering with the addition of multi-wall bags while also increasing manufacturing capacity of several pouch formats.With the addition of Gateway, ProAmpac has 33 sites globally with nearly 3,700 employees supplying more than 5,000 customers in 90 countries. d chief executive officer of Gateway.

Status: Closed

-INTERIOR SPECIALISTS ACQUIRES CABINETS AND COUNTERTOPS SUPPLIER CHRIS AND DICK'S

California, US-based interior design company Interior Specialists, Inc. (ISI) has acquiredUtah, US-based cabinet and countertop installation services provider Chris and Dick's Cabinets and Countertops LLC, the company said.

ISI said this acquisition willfurtherexpedite ISI's growth inUtah. The partnership with the Chris and Dick's team will make a powerful combination to servetheflooring, cabinet and countertopturnkey installationneeds of customersand to introduce ISI's industry leading design center technology to theUtahmarket.

Status: Closed

-GROUPON ACQUIRES CLOUD SAVINGS IN DEAL VALUED AT USD 65M

Chicago, US-based e-commerce marketplace Groupon(NASDAQ: GRPN) has acquired UK-based Cloud Savings company, Ltd., parent company of online discount code platformVouchercloudand brand loyalty providerGiftcloud, at an enterprise value of USD 65m to enhance Groupon's international online discount code, the company said.

Groupon said in Vouchercloud, the company is acquiring one of innovative brands in the online discount codes space, which will accelerate Groupon's efforts, particularly in International, and broaden the marketplace for consumers.

Status: Closed

-US PHYSICAL THERAPY ACQUIRES INTEREST IN INJURY PREVENTION PROVIDER

Texas, US-based outpatient physical therapy clinics operator US Physical Therapy, Inc. (NYSE: USPH) has acquired a majority interest in a company that provides industrial injury prevention services, the company said.

The company specialises in delivering injury prevention and care, ergonomics, education and coaching in an industrial setting. The company performs these services through Industrial sports medicine professionals, consisting primarily of highly specialised certified athletic trainers.

Status: Closed

-COOLSYS ACQUIRES AXIOM ENERGY SOLUTIONS TO OPTIMISE POSITION IN ENERGY MARKET

California, US-based refrigeration and HVAC services company CoolSys has acquired Georgia, US-based energy efficiency solutions provider Axiom Energy Solutions to expand energy solutions capabilities, the company said.

With this acquisition, CoolSys will integrate the resources and capabilities of Axiom as a provider of energy efficiency solutions with CoolSys Energy Solutions to serve energy optimization customers nationwide. Both companies are widely known for their expertise and services within the retail grocery sector.

Status: Closed

-DICKINSON FLEET SERVICES ENHANCES REPAIR SERVICES WITH ACQUISITION OF MICHIGAN-BASED FLEET ENTERPRISES

Indiana, US-based maintenance company Dickinson Fleet Services has acquired Michigan, US-based semi-truck and trailer maintenance services provider Fleet Enterprises to expand and enhance mobile trailer repair services, the company said.

Dickinson Fleet Services, along with majority shareholder Ridgemont Equity Partners, announced the acquisition on April 5, 2018. The acquisition will expand and enhance mobile trailer repair services offered by Dickinson Fleet Services.

Status: Closed

-TYLER TECHNOLOGIES ACQUIRES SAGE DATA SECURITY TO EXPAND CYBERSECURITY OFFERINGS

Texas, US-based information management solutions provider Tyler Technologies, Inc.(NYSE: TYL) has acquired Maine, US-based cybersecurity expert Sage Data Security, LLC, the company said

Tyler said the acquisition of Sage enables Tyler to offer data security expertise and services, as risks to data are becoming more prevalent across all industries, including the public sector. With the addition of Sage and its core product for managed threat detection, nDiscovery, Tyler clients will have the opportunity to add an additional layer of security in a cost-effective way.

Status: Closed

**Load-Date:** May 4, 2018

**End of Document**



[***M and A Navigator: Deal pipeline â(EURO)"9 June***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NRV-R211-JD3Y-Y1PJ-00000-00&context=1516831)

FinancialWire

June 9, 2017 Friday

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**Length:** 4098 words

**Body**

The following is a list of deals covered in detail by M and A Navigator this week:

-SOFT GOODS MAKER BEBE AU LAIT ACQUIRES BABY BATH ACCESSORIES FIRM PUJ

US-based "mom and baby" soft goods maker Bebe au Lait has acquired US-based baby bath accessories firm Puj, the company said.

Both brands say they share the mission of simplifying parenthood through thoughtfully designed mom and baby products, each developing a range of products that support parents in their everyday lives, including products for nursing, sleeping, feeding and bathing. The acquisition of Puj builds on Bebe au Lait's foundation, and expands their range beyond soft goods. Puj offers the Puj Tub, a baby bathtub that flexibly folds and conforms to nearly any sink.

Status: Closed

-NRG METALS TO ACQUIRE THE HOMBRE MUERTO NORTH LITHIUM PROJECT IN ARGENTINA

Canadian miner NRG Metals Inc. (TSX Venture: NGZ) (OTCQB: NRGMF) (Frankfurt: OGPN) has entered into an option agreement to purchase the Hombre Muerto North Lithium Project, located in Salta and Catamarca Provinces, Argentina, the company said.

The property package of 3,287 hectares is comprised of the Alba Sabrina, Tramo, Natalia Maria, Gaston Enrique, Viamonte and Norma Edit concessions, all located in the Salar del Hombre Muerto in northwestern Argentina. NRG Metals said the project is being acquired through a purchase option agreement from a private borate ***producer*** from Salta, Argentina named Jorge Moreno.

Status: Agreed

-APTEAN ACQUIRES FIRE AND EMERGENCY SERVICE SOFTWARE PROVIDER FDM

US-based enterprise software solutions provider Aptean has acquired public safety agency software provider FDM Software, the company said. FDM Software offers records management, computer-aided dispatch, mapping and analysis solutions for public safety agencies in North and South America.

The company's solutions are designed to specifically meet the needs of fire and emergency service agencies with configurable and intuitive user interfaces, tools and pre-built components that help IT departments quickly customize and deliver solutions to their staff on the front line. FDM RMS streamlines data entry, reporting and analysis and FDM CAD is a fully integrated, real-time mapping and data entry system to prioritise resource assignments quickly during emergency responses.

Status: Closed

-ENSIGN ACQUIRES SKILLED NURSING FACILITIES IN IDAHO, UTAH, USA

US-based skilled nursing, rehabilitative care services, home health care, hospice care and assisted living provider The Ensign Group, Inc. (NASDAQ: ENSG) has acquired the real estate and operations of three skilled nursing and one intermediate care facilities across Idaho and Utah, the company said.

The facilities include Meadow View Nursing and Rehabilitation, a 112-bed skilled nursing facility in Nampa, Idaho; Utah Valley Healthcare and Rehabilitation, a 99-bed skilled nursing facility in Provo, Utah; Heritage Park Healthcare and Rehabilitation, a 115-bed skilled nursing facility in Roy, Utah; and Wide Horizons Intermediate Care Facility, an 83-bed intermediate care facility for individuals with intellectual disability in Ogden, Utah.

Status: Closed

-CHEMCHINA COMPLETES THE SECOND SETTLEMENT OF THE TENDER OFFERS FOR SYNGENTA

Chinese state-owned chemical maker China National Chemical Corp. (ChemChina) has closed the second settlement of ChemChina's tender offers for Swiss seeds and pesticides ***producer*** Syngenta, the company said. Shareholders who tendered their shares after 4 May 2017 received the consideration of USD 465 per share, and holders of American Depositary Shares who tendered their ADSs received USD 93 per ADS, on 7 June 2017.

In the first and the second Settlement, ChemChina acquired 94.7% of Syngenta shares in aggregate. As soon as permitted by law and applicable regulation, it is intended to de-list the shares from the SIX and to de-list the ADSs from the NYSE.

Status: Closed

-FORMER EXPERIAN UNIT LAUNCHES AS CROSS-CHANNEL MARKETING SOLUTIONS FIRM CHEETAH DIGITAL

US-based cross-channel marketing solutions provider Cheetah Digital has launched as an independent marketing technology company, the company said.

Formerly UK-based credit bureau Experian plc's (LSE: EXPN) Experian Cross-Channel Marketing business, the newly established Cheetah Digital is focused on driving results for enterprise marketers at scale. In April 2017, Vector Capital, a global private equity firm specializing in transformational investments, along with Peter McCormick, co-founder of ExactTarget (acquired by Salesforce.com), announced the purchase of Experian CCM.

Status: Closed

-VAIL RESORTS CLOSES USD 50M ACQUISITION OF VERMONT SKI RESORT STOWE MOUNTAIN

US-based mountain resort operator Vail Resorts, Inc. (NYSE: MTN) has closed the acquisition Vermont, US-based ski resort Stowe Mountain Resort from American International Group, Inc's Mt. Mansfield subsidiary for a purchase price of USD 50m, the company said.

Stowe Mountain Resort will be Vail Resorts' first mountain resort on the East Coast and complements the company's network of ten mountain resorts and three urban ski areas. This acquisition brings together Vail Resorts with real estate developer AIG Global Real Estate (AIGGRE) for the long-term success of Stowe Mountain Resort.

Status: Closed

-CHESAPEAKE IRB ACQUIRES INSTITUTIONAL REVIEW BOARD MAGIL IRB

Maryland, US-based institutional review board in clinical research Chesapeake IRB has acquired Maryland, US-based institutional review board MaGil IRB, to support IRB growth in the clinical research industry, the company said.

The MaGil acquisition provides Chesapeake with additional AAHRPP-accredited review capacity and a staff that further broadens Chesapeake's presence for CROs, pharmaceutical companies and biotech companies. This marks Chesapeake's fifth acquisition of an AAHRPP-accredited IRB since 2013, further positioning itself as a supportive IRB in the growth in the clinical research industry.

Status: Closed

-GARDNER DENVER TO ACQUIRE GAS COMPRESSION EQUIPMENT MAKER LEROI COMPRESSORS

Wisconsin, US-based compressed air solutions provider Gardner Denver Holdings Inc. (NYSE: GDI) has acquired Ohio, US-based gas compression equipment manufacturer LeROI Compressors to join Gardner Denver's industrials segment, the company said.

Gardner Denver purchased LeROI for a purchase price of approximately USD 20m funded by cash on hand. LeROI will be part of Gardner Denver's Industrials Segment. The company said this transaction is aligned with its strategy of leveraging core technologies and know-how to drive organic growth and build additional value at acquired companies. LeROI will provide mission-critical gas compression technologies and enable expansion of Gardner's product offering into new and attractive markets.

Status: Agreed

-ARDIAN'S NA DIRECT BUYOUTS TEAM MERGES AUTOMOTIVE SUPPLIERS DYNAMIC TECHNOLOGIES, HURON

The North America direct buyouts team of New York, US-based private investment company Ardian, has merged Italy based automotive tubular components manufacturer Dynamic Technologies S.p.A. (DT) with Ardian's existing portfolio company Huron, Inc., an automotive fluid-handling systems provider, the company said.

The combined entity creates an expanded supplier of a designer and manufacturer of automotive fluid-handling systems and precision aluminum parts. The merged company will have 10 manufacturing facilities across United States, Canada, Mexico, Italy, United Kingdom, Poland, Hungary and China, serving the North American, European and Asian markets.

Status: Closed

-PERNOD RICARD TO ACQUIRE MAJORITY STAKE IN MEXICAN MEZCAL ***PRODUCER*** DEL MAGUEY

France-based spirits and wine company Pernod Ricard SA's Pernod Ricard USA subsidiary has agreed to acquire a majority stake in Mexico-based mezcal provider Del Maguey Single Village Mezcal to expand distribution opportunities, the company said.

Terms of the transaction were not disclosed. The transaction is subject to usual condition precedents and is expected to close within 90 days. Pernod said Del Maguey will operate under its New Brand Ventures division.

Status: Agreed

-INCENTER ACQUIRES STUDENT LOAN SOLUTION FIRM CAMPUSDOOR

Minnesota, US-based mortgage and specialty finance services provider Incenter LLC, a portfolio company of Blackstone, has acquired Pennsylvania, US-based student loan solution provider CampusDoor to join Incenter's lender services group, the company said,

Incenter said CampusDoor's products complement and broaden its lender services offering. CampusDoor provides student loan solutions, systems and processing to its clients. Incenter provides lender clients operating in the mortgage and specialty finance markets with access to capital, secondary markets solutions and fulfillment services.

Status: Closed

-REAL ESTATE SERVICES FRANCHISOR INTERO ACQUIRES WALNUT CREEK, CALIFORNIA FRANCHISE

California, US-based real estate services franchisor Intero Franchise Services Inc., a wholly owned subsidiary of HomeServices of America Inc., has acquired a Walnut Creek, California, US-based real estate franchise to expand coverage in the area, the company said.

Intero Franchise Services, a Berkshire Hathaway affiliate, said the acquisition allows the company to grow in the San Francisco, US-area. Formerly a Better Homes and Gardens Real Estate franchise, the new office services the transactions of more than 6,500 homes within the development. Intero Walnut Creek will also inherit 27 new agents to bolster presence in the East Bay area of San Francisco.

Status: Closed

-SPECIALTY ***PROGRAM*** GROUP ACQUIRES MARKETSCOUT WORKERS COMPENSATION ASSETS

New Jersey, US-based insurance holding company Specialty ***Program*** Group (SPG) has acquired the workers compensation underwriting assets of Texas, US-based insurance distribution and underwriting company MarketScout, a Lloyd's coverholder and MGA for US insurers, the company said.

The assets of MarketScout will be re-branded by SPG as Specialty Comp Insurance Solutions. MarketScout said it ***plans*** to continue to support SPG via its wholesale workers comp division and use the proceeds from the sale to fund InsureTech and MA investments.

Status: Closed

-GTCR ACQUIRES EMERGENCY RESPONSE PROVIDER GREATCALL

Chicago, US-based private equity firm GTCR has agreed to acquire California, US-based connected health and personal emergency response services provider GreatCall, Inc. to expand connected health and emergency response services, the company said.

GreatCall serves active aging communities, reaching over 800,000 subscribers across the United States. GreatCall's product offering connects subscribers to trained agents who can answer questions, dispatch emergency personnel, connect to family caregivers and provide additional concierge services.

Status: Closed

-HUB INTERNATIONAL ACQUIRES ASSETS OF EMPLOYEE BENEFITS ADVISER BRADY INSURANCE

Chicago, US-based insurance brokerage Hub International Ltd. has acquired the assets of New York, US-based employee benefits advisor Brady Insurance ***Planning*** (Brady), the company said.

The company said the acquisition is part of its strategy to expand and strengthen industry and product expertise. Hub International Ltd provides property and casualty, life and health, employee benefits, investment and risk management products and services from offices located throughout North America.

Status: Closed

-ALLERGAN EXPANDS SURGERY PORTFOLIO WITH ACQUISITION OF KELLER MEDICAL

Allergan Sales LLC, a wholly owned subsidiary of Ireland-based pharmaceutical company Allergan plc (NYSE: AGN), has agreed to acquire Florida, US-based medical device company Keller Medical, Inc., as part of portfolio expansion, the company said.

Allergan is focused on providing technologies and products to help surgeons improve procedures.

The company said the acquisition of Keller Medical, developer of the Keller Funnel, a device that improves breast implantation, and reduces the risks of implant contamination during procedures, is a natural complement to Allergan's plastic surgery and regenerative medicine business.

Status: Agreed

-L'OREAL IN EXCLUSIVE TALKS TO SELL BODY SHOP TO BRAZIL'S NATURA COSMETICOS

French cosmetics company L'Oréal has received a firm offer from Brazilian cosmetics maker Natura Cosméticos SA to acquire The Body Shop and has entered into exclusive discussions with Natura, the company said. L'Oréal had launched a review of the ***strategic*** options for The Body Shop.

The proposed transaction values The Body Shop at an enterprise value of EUR 1bn (USD 1.12bn). Acquired by L'Oréal in 2006, The Body Shop is a British brand, focusing on nature-inspired products. Founded in 1976 by Anita Roddick in Brighton, England, The Body Shop has expanded into a category leader in ethical and natural beauty.

Status: Talks

-SOFTBANK TO ACQUIRE ROBOTICS FIRM BOSTON DYNAMICS

A subsidiary of Japanese telecommunications and Internet company SoftBank Group Corp. has entered into a definitive agreement to acquire robotics firm Boston Dynamics from Google parent Alphabet Inc. (NASDAQ: GOOGL), the company said.

The transaction aligns with SoftBank's investments in paradigm-shifting technologies and its vision of catalyzing the next wave of smart robotics. As part of the transaction with Alphabet, SoftBank has also agreed to acquire Japanese bipedal robotics company Schaft.

Status: Agreed

-INFOSYS PUSHES BACK ON MEDIA SPECULATION ABOUT FOUNDERS SELLING STAKE IN COMPANY

Indian IT, business consulting and outsourcing firm Infosys (NYSE: INFY) is pushing back against media reports speculating on ***plans*** by the companay's founders to sell their stake in the firm, Infosys said. According to reports, the founders are exploring the sale of their entire 12.75% stake in the company, worth around INR Crore 28,000 or USD 5.19bn.

Infosys points out that the speculation has already been categorically denied by the founders. The company further reiterates that it has no information on any such development. Infosys is in technology services and consulting, and does business iin more than 50 countries.

Status: Speculation

-SYNGENTA TO SELL SUGAR BEET SEEDS BUSINESS TO DENMARK'S DLF SEEDS

Switzerland-based seeds and pesticides ***producer*** Syngenta, which is merging with China National Chemical Corp. (ChemChina), has entered into an agreement to sell its global Sugar Beet seeds business to Denmark-based DLF Seeds, the company said.

The transaction is subject to customary approval requirements (including local employee consultation procedures) and expected to close by the end of 3Q17. Syngenta is an ***agriculture*** company with 28,000 employees in more than 90 countries. DLF Seeds is a seed company dealing in forage and turf seeds, and other crops.

Status: Agreed

-CENTRICA TO SELL SHARE OF CANADIAN E/P JV TO CONSORTIUM

The CQ Energy Canada Partnership, the Canadian E/P joint venture in which UK-based energy supplier Centrica plc owns a 60% interest, is to be sold to a consortium comprising MIE Holdings Corp., The Can-China Global Resource Fund and Mercuria for a purchase price of CDN 722m (GBP 413m) in cash, the company said.

Centrica's share is worth around GBP 240m (USD 305m). In line with its strategy announced in July 2015, the divestment means Centrica's E/P activity will now be focused solely on European assets, with the group having completed the sale of its gas assets in Trinidad and Tobago in May 2017.

Status: Agreed

-FRENCH AIRPORT OPERATOR AEROPORTS DE PARIS TO UP STAKE IN TURKEY'S TAV AIRPORTS

French airport operator Aéroports de Paris SA, the parent of Groupe ADP, has entered into a share purchase agreement with Turkish infrastructure investor Akfen Holding A.S. for the acquisition of ADP Akfen's stake in Turkish airport operator TAV Havalimanlari Holding A.S., the company said.

Groupe ADP has been a 38% shareholder of TAV Airports since 2012. With this transaction, Groupe ADP will acquire an 8.12% stake in TAV Airports, for an amount of USD 160m. The transaction values TAV Havalimanlari Holding's equity at around USD 2bn, equivalent to TRY19.2 per share.

Status: Agreed

-IHH HEALTHCARE BREAKS GROUND ON SHANGHAI HOSPITAL AS PART OF RMB 8BN CHINA PUSH

Hospital operator IHH Healthcare and its ***strategic*** partner in Mainland China, Taikang Insurance Group and their project joint venture partner Shanghai Hongxin Medical Investment Holding Co Ltd, have broken ground for Gleneagles Shanghai Hospital, a 450-bed multispecialty general hospital in Shanghai New Hongqiao International Medical Center, the company said.

The 450-bed Gleneagles Shanghai will provide integrated healthcare for residents in Yangtze River Delta and beyond when it opens in 2020. This move is part of a RMB 8bn (USD 1.18) pipeline of hospitals across Greater China as IHH sets out to make China its fifth home market

Status: Agreed

-SCA TO CLOSE TISSUE PRODUCTION PLANT IN ARIZONA, US

Swiss hygiene and forest products company SCA has decided to close the tissue production plant in Flagstaff, Arizona, in the US to further improve efficiency and strengthen the competitiveness for its Professional Hygiene business in North America, the company said.

According to a report in the Arizona Daily Sun, citing a plant spokesperson, the plant employs 78 people who will be losing their jobs. The closure of the Flagstaff tissue production plant is part of SCA's Tissue Roadmap and is aligned with the company's strategy to optimise the geographic production footprint to drive cost and capital efficiency and further increase value creation in the Professional Hygiene business area.

Status: Agreed

-TRUMARK COMMUNITIES WINS BID FOR CALIFORNIA MASTER-***PLANNED*** COMMUNITY

US-based developer Trumark Companies' Trumark Communities residential land development platform has acquired an 823 lot master-***planned*** community in Chino, California through a public foreclosure auction on the steps of San Bernardino County Courthouse on 1 June, the company said.

Trumark Communities' opening credit bid of USD 2.1m was unchallenged by any qualified bidders at the auction and represented only a portion of the USD 10.4m in defaulted notes owned by the company on the property. Concurrent with the acquisition of this 270-acre property, Trumark negotiated a two-year extension on an additional USD 19m loan that was also in default on the property.

Status: Agreed

-1847 HOLDINGS BUYS US ***AGRICULTURAL*** EQUIPMENT FIRM NEESE

US-based mergers and acquisitions advisor Generational Equity's client, US-based ***agriculture***, construction, and lawn and garden industries provider Neese Inc. has been acquired by US-based partnership 1847 Holdings LLC (OTC: EFSH), the firm said.

Neese, based in Grand Junction, Iowa, provides a range of products and services to the ***agriculture***, construction, and lawn and garden industries. A sampling of products include tractors; grain augers and handling equipment; liquid manure spreaders, agitators, and pumps; manure hauling equipment; crop shredders and grain baggers.

Status: Closed

-HEIDELBERG TAKES OVER PARTNER FUJIFILM'S EMEA REGION COATINGS AND PRESSROOM CHEMICALS OPERATIONS

Germany based mechanical engineering company Heidelberger Druckmaschinen AG (FWB: HDD) is acquiring the EMEA region coatings and pressroom chemicals operations of ***strategic*** partner Fujifilm Europe BV, the company said. Fujifilm Europe BV is a unit of Japanese photography and imaging company Fujifilm (TYO: 4901).

With the move, Heidelberger is expanding into the attractive growth segment for consumables. The acquired operations account for a sales volume of approximately EUR 25m. The acquisition includes, among other things, the takeover of both production sites in Reutlingen, Germany, and Kruibeke, Belgium, which employ a total of about 70 staff.

Status: Agreed

-CONSORTIUM LED BY GL CAPITAL TO ACQUIRE US DRUGMAKER SCICLONE IN USD 605M DEAL

A consortium consisting of entities affiliated with GL Capital Management GP Ltd., Bank of China Group Investment Ltd., CDH Investments, Ascendent Capital Partners and Boying announced have entered into a definitive merger agreement under to acquire all the outstanding shares of US-based drugmaker SciClone Pharmaceuticals, Inc. (NASDAQ: SCLN) for USD 11.18 per share in cash, the principals said.

The transaction will be funded by the buyer consortium through a combination of equity financing to be provided by the buyer consortium and debt financing, and is not subject to a financing condition. This transaction, which was unanimously approved by SciClone's board, values the company at approximately USD 605m, on a fully diluted basis, and represents a premium of 11% over SciClone's closing stock price on 7 June 2017 and a premium of 16% over its ten-day volume-weighted average closing stock price.

Status: Agreed

-CRESSEY AND CO ACQUIRES MAJORITY STAKE IN STATLAB MEDICAL PRODUCTS

US-based healthcare-focused private investment firm Cressey and Co LP has acquired a majority stake in US-based diagnostic supplies maker StatLab Medical Products, the firm said. Cressey and Co has acquired a majority ownership position from selling shareholder, Prairie Capital, L.P., with certain members of StatLab's management team holding ownership stakes in the company as well.

The recapitalisation positions StatLab, which has a 40-year history, to continue executing on its growth strategy. In conjunction with the investment in StatLab, Dan Eckert, an experienced healthcare services executive, has been appointed to the position of chief executive officer.

Status: Closed

-CIBC, PRIVATEBANCORP MERGER TO CLOSE ON 23 JUNE

Canadian financial services firm Canadian Imperial Bank of Commerce (CIBC) (TSX: CM) (NYSE: CM) (TSX: CM) (NYSE: CM) and US-based bank holding company PrivateBancorp, Inc. (NASDAQ: PVTB) have received all regulatory approvals required to complete CIBC's acquisition of Chicago-based.

PrivateBancorp, Inc. pursuant to their amended merger agreement announced on 4 May 2017, the companies said. CIBC and PrivateBancorp anticipate that the acquisition will close on 23 June 2017. The revised terms were unanimously approved by both boards of directors.

Status: Agreed

-INVESTOR ANCORA ACQUIRES ECO-FOCUSED BEAUTY BRAND INDIE LEE

US-based beauty industry-focused investment firm Ancora Investment Holdings has acquired eco-focused lifestyle brand, Indie Lee, the firm said. Ancora was founded through a partnership between beauty industry veterans, Lori Perella Krebs and Nicky Kinnaird, and consumer private equity firm, Winona Capital.

The partnership offers a mix of brand building, financial acumen and operational expertise fueled by passion, creator appreciation and love of brands. Ancora has created a platform to partner with global health, beauty and wellness brands that have an authentic voice and raison d'être.

Status: Closed

-FLEXPOINT FORD SELLS SERVICE FINANCE STAKE IN ECN CAPITAL

US-based financial services and healthcare-focused private equity firm Flexpoint Ford, LLC's minority-owned holding, US-based home improvement and solar project finance specialist Service Finance Company, has agreed to be acquired by Canadian commercial finance company ECN Capital Corp. (TSX: ECN), the firm said.

ECN Capital is buying the company for CDN 410m (USD 303.32m). SFC is a technology-enabled, point-of-sale originator of financing for home improvement and solar projects in which Flexpoint has held a significant minority equity stake since October 2015.

Status: Agreed

-IMTIYAZ MOMIN ACQUIRES ONLINE PAYMENTS PLATFORM PAYFUNNELS

Technology entrepreneur Imtiyaz Momin has acquired US-based online payments platform Payfunnels, Momin said. Payfunnels provides secure payment forms. John Philip Morgan and Dave Rogenmoser, co-founders of marketing company, Market Results started Payfunnels to help businesses manage invoices, schedule future payments and sell products. The platform is supported by Stripe.

Imtiyaz Momin is the co-founder of iAstute, a Texas based technology company servicing businesses from web development and IT support to mobile app development, internet marketing and e-commerce.

Status: Closed

-GRUBHUB TO ACQUIRE BOSTON ONLINE FOOD-ORDERING FIRM FOODLER

Chicago, US-based takeout marketplace Grubhub has entered into an agreement for an all-cash transaction to acquire Boston, US-based online food-ordering firm Foodler, the company said.

The agreement with Foodler, which is subject to certain closing conditions, extends Grubhub's leadership in New England and will add more than USD 80m of annualised gross food sales in 2017. This will expand the breadth and depth of Grubhub's national network of more than 55,000 existing restaurant partners and 8.8m active diners.

Status: Agreed

(Distributed by M2 Communications ([*www.m2.com*](http://www.m2.com)))

**Load-Date:** June 9, 2017

**End of Document**



[***13th Five-Year Plan: Key Points***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RVX-7FR1-F0J5-83PY-00000-00&context=1516831)

Business Monitor Online

March 14, 2018 Wednesday

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**Length:** 2451 words

**Highlight:** 13th Five-Year ***Plan***: Key Points

**Body**

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**Targets**

|  | **2015** | **2020** | **Annual changes** | **Binding** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
| **Economic Development** |  |  |  |  |
| (1) GDP, CNYtrn | 66.7 | >92.7 | >6.5% |  |
| (2) Productivity: CNY10,000/person | 8.7 | >12 | >6.6% |  |
| (3) Urbanisation rate, (residential), % | 56.1 | 60 | 3.9\* |  |
| (3) Urbanisation rate, (Hukou), % | 39.9 | 45 | 5.1\* |  |
| (4) Services as a share of GDP, % | 50.5 | 56 | 5.5\* |  |
|  |  |  |  |  |
| **Innovation** |  |  |  |  |
| (5) R&D as a share of GDP, % | 2.1 | 2.5 | 0.4\* |  |
| (6) Patents per 10,000 people | 6.3 | 12 | 5.7\* |  |
| (7) Contribution of technology advancement, % | 55.3 | 60 | 4.7\* |  |
| (8) Broadband access, % | 40 | 70 | 30\* |  |
| (8) Mobile Wi-Fi access, % | 57 | 85 | 28\* |  |
|  |  |  |  |  |
| **People's Living Conditions** |  |  |  |  |
| (9) Disposable income growth rate, % |  |  | >6.5 |  |
| (10) Average education level, year | 10.23 | 10.8 | 0.57\* | Y |
| (11) Job creation, 10,000 |  |  | >5,000\* |  |
| (12) Poverty relieved rural population, 10,000 |  |  | 5,575\* | Y |
| (13) Population with pension, % | 82 | 90 | 8\* |  |
| (14) Reconstruction of shanty areas, 10,000 |  |  | 2,000\* | Y |
| (15) Life expectancy, year |  |  | 1\* |  |
|  |  |  |  |  |
| **Environment** |  |  |  |  |
| (16) Arable land, 10mn Mu | 18.65 | 18.65 | 0\* | Y |
| (17) Additional land for construction, 10,000 Mu |  |  | <3,256\* | Y |
| (18) Water usage reduction per unit GDP |  |  | 23\* | Y |
| (19) Energy usage reduction per unit GDP |  |  | 15\* | Y |
| (20) Non-fossil fuel, % | 12 | 15 | 3\* | Y |
| (21) Carbon emission reduction per unit GDP |  |  | 18\* | Y |
| (22) Forest coverage, % | 21.66 | 23.04 | 1.38\* | Y |
| (22) Forest reserve, bn metre cube | 15.1 | 16.5 | 14\* | Y |
| (23) Air quality: days of good quality/365, % | 76.7 | >80 |  | Y |
| (23) PM2.5 reduction for polluted cities |  |  | 18\* | Y |
| (24) Water: better than class III, % | 66 | >70 |  | Y |
| (24) Water: less than class V, % | 9.7 | <5 |  | Y |
| (25) Other pollutants - chemical oxygen demand reduction, % |  |  | 10\* | Y |
| (25) Other pollutants - ammonia nitrogen reduction, % |  |  | 10\* | Y |
| (25) Other pollutants - sulphur dioxide reduction, % |  |  | 15\* | Y |
| (25) Other pollutants - nitrogen oxides reduction, % |  |  | 15\* | Y |

\*indicates cumulative. Source: BMI **Development Concepts: Innovation, Coordination, Environmentally Friendly, Open-Door, Sharing** The central government will urge officials to follow through on new development concepts and adapt to the 'new norm' of economic development. The government will help expand total demand (via monetary and fiscal policies) if necessary, but will mainly focus on supply-side structural reforms, so that production will fit the increasingly sophisticated demands of the Chinese population.Chapter 2: Innovation To Drive Development **Technology And Innovation** Support the development of frontier tech and science. Let enterprises to lead innovation, while using national funds to develop large projects. Construct high-end national science laboratories for the development of fundamental sciences. Develop large high-tech and innovation centres to utilise economies of scale. **Mass Entrepreneurship And Innovation** Encourage the development of service centres in different parts of China to start-up companies and small- and medium-sized companies. Encourage the population to participate in the mass entrepreneurship and innovation ***programme*** by promoting crowd-sourcing, collective support and crowd-funding. **Build A System That Encourages Innovation** Instead of pushing for innovation themselves, government entities should provide services to those who innovate. Develop and enhance the system to ease the process of monetising technological achievements. Ensure that technocrats and scientists can earn a proportional profit for the technological advancement they bring about. Develop a system that supports mass innovation. **Focus On Talent** Continue to expand the pool of skilled labour. Improve the allocative efficiency and mobility of skilled workers. Improve the work environment for talent, attracting foreign talent and encouraging overseas students to come back. **Develop New Drivers For Growth** Promote the upgrade of consumer goods to meet the needs of more sophisticated consumers. Expand effective investment. Find new comparative advantages for exports. Chapter 3: Economic Institutions **Enhance The Existing Economic System** State-owned enterprise (SOE) reforms: continue to consolidate SOEs, make them bigger, better and stronger. Strengthen the system to manage SOE assets: develop national investment and management companies to manage state assets. Promote mixed ownership structure for companies. Promote the healthy development of the non-public sector. Adopt modern practices with regard to the protection of property rights. **Improve Market Efficiency** Continue price reforms on commercial goods and promote fair competition. **Deepen Reforms For The Administrative System** Allow decentralisation to prevent excessive ***intervention*** of government authorities and simplify administrative processes. Improve the efficiency of oversight and services. **Speed Up Fiscal And Taxation Reform** The central government should wield more power and responsibility in terms of fiscal decision-making, continue to conduct taxation reform, improve the system for transfer payments from the central government to local governments and improve the efficiency of fund allocation for local governments. Regulate the budget disclosure process and improve transparency. Continue to reform the tax system. Improve the sustainability of government spending. **Financial Sector Reforms** Allow the development of various financial institutions to meet different financial needs of the population. Improve transparency of the financial system and deleverage the financial market. Enhance the oversight mechanism and improve efficiency. **Improve Macroeconomic Management Skills** Local governments need to follow the central government's ***plans*** and strategies. Improve and develop new methods for macroeconomic management. Improve the decision-making and execution process for economic policies. Adopt the negative list system to improve the investment and financing experience for enterprises. Chapter 4: Modernisation Of The ***Agricultural*** Sector **Food Security** Ensure food production security by preventing the reduction of arable land and improving the quality of arable land. Encourage farmers to change their production to better fit market demand. Push for the development of secondary and tertiary sectors in rural areas. Improve the quality of food by setting stricter standards and improving supervision. Improve the sustainability of the ***agricultural*** sector by promoting environmentally friendly production methods. On the international market, China should import only when needed, and needs to export more. Companies need to continue to seek overseas investment opportunities. **Modernise The Business Model In The *Agricultural* Sector** Allow companies to gain economies of scale through long-term land leasing and other methods. Encourage the development of new types of business entities (such as cooperative) in the sector. Strengthen the development of ***agriculture***-related service sectors. Encourage the use of machinery in ***agriculture*** for more efficient production, use information technology to improve management and allocative efficiency. **Improve Support And Protective Measures For *Agriculture*** Government will extend subsidies in the ***agricultural*** sector. Improve the pricing and storage policies for ***agricultural*** products. Improve financial services in the rural areas. Chapter 5: Industries **Manufacturing** Increase the potential for further industrial upgrades by focusing on materials science and other key technologies that are fundamental to industrials. Promote the development of new manufacturing methods (such as intelligent manufacturing). Push for the upgrade of traditional manufacturing sectors. Enhance the quality and branding of Chinese products. Curb overcapacity through market measures, financial subsidies, legal or even administrative measures. Lower costs for companies: simplify regulation, provide tax relief and lower energy prices and logistics costs. **Support The Development Of Cutting-Edge Industries And Let Them Drive Growth** Let cutting-edge industries support growth. Support the development of strategically important industries (such as aerospace, IT, life science and nuclear). Allow these industries to gain economies of scale. Improve the business environment for them. **Support The Development Of The Services Sector** Promote the professionalisation of ***producer*** services (such as consulting, legal, ratings, etc). Improve the quality of consumer services (such as tourism, entertainment, etc). Allow the market to play a greater role by enhancing the regulatory environment. Chapter 6: Expand The Network Economy **Build A More Efficient Information Network** Improve the high-speed fibre network and mobile network system. Speed up the development for IT technology. Increase the speed for networks and reduce fees. **Internet + *Plan*** Enhance knowledge of fundamental IT technology. Promote the bridging of Internet and offline industries. **National Big Data Strategy** Speed up the process of official data-sharing ***programmes***. Promote the healthy development of the big data industry. Promote cybersecurity. Chapter 7: Build A Modern Infrastructure Network **Improve The Existing Modern Transportation System** Enhance the national railway system. Develop an intercity urban transport system. Improve the efficiency and role of national transportation interchanges. Reduce carbon emissions and adopt IT to improve the efficiency and reliability of managing the transportation system. **Modernise The Energy Sector** Shift energy consumption structure towards the use of more environmental friendly energy sources. Develop a more intelligent energy transfer and storage system. Use IT to develop an intelligent management system of energy production. **Water Safety** Improve the allocative efficiency of water resources. Perfect hazard prevention measures (flood and drought control). Chapter 8: New-Type Urbanisation **Speed Up The Process Of Converting The Rural Population To Urban Citizens** Deepen Hukou reform. Adopt a residential certificate system for all cities to ensure social security coverage. Improve the system of such conversion processes. **Improve The Layout Of Cities** Promote city clusters and use them as the blueprint for regional development. Adopt the 'central cities + satellite cities' model to improve resource allocation efficiency in each region. Promote small- and medium-sized cities and cities with unique characteristics. **Improve Living Conditions In Urban Areas** Promote a new-type urbanisation. Improve infrastructure in cities. Speed up the reconstruction of the shantytowns and develop necessary amenities. Improve the efficiency and quality of managing cities. **Enhance The Housing Supply System** Provide housing subsidies to less-well-off families, improve the public housing system, and continue to manage housing markets to ensure the healthy development of property markets. **Coordinated Development Between Urban And Rural Areas** Promote county economies, improve the countryside and allocate public resources to rural and urban areas equally. Chapter 9: Coordination Of Regional Development **Follow The Central Government's *Plan*** Promote the western development ***plan***. Revitalise Northeast China and other traditional industrial hubs. Support the development of Central China. Allow East China to lead economic and social development. Richer regions to support the poorer regions. **Jing-Jin-Ji Integration** Offload non-essential functions from Beijing. Optimise the space usage in the region and allocate adequate functions. Build an integrated transportation system. Improve environmental conditions. Promote the sharing of public services within the region. **The Yangtze River Economic Belt** Environmental protection: reduce water pollution and increase vegetation coverage. Improve the quality of the transportation system along the Yangtze River. Improve the ***strategic*** layout and allocation of industries for cities along the Yangtze River. **Subsidise The Development Of Less Developed Regions** Support the development of old revolutionary bases, autonomous regions and border areas. Promote industrial transformation in those regions. **Marine Economy** Promote the development of the marine economy. Enhance environmental protection in the seas. Protect maritime sovereignty and develop a mechanism to settle territorial disputes. Chapter 10: Environmental Protection Optimise the urbanisation layout in China by following the 'Two Horizontal Lines, Three Vertical Line' layout. Avoid waste of natural resources (water, land, mining products, etc). Develop a 'circular economy' to encourage recycling, and improve the efficiency of resource consumption. Reduce pollution and emissions, prevent environmental hazards, strengthen environment-related infrastructure and legal systems and allow degenerated regions to recover. Promote environmental protection industry. Chapter 11: Continue Opening Up **Set Up Multi-Dimensional, Multi-Tiered And Composite Connectivity Networks** Continue to cooperate with other countries to dissolve excess production capacity. Exporters need to upgrade their production. Continue to attract foreign investment and scale up outbound investments. Improve the institutions for cross-border business activities. Promote the implementation of the OBOR initiative. Others **Intensify Cooperation With Hong Kong, Macau And TaiwanStrive To Alleviate Poverty** Take targeted measures to ensure that assistance reaches poverty-stricken villages and households. **Improve The Education And Physique Of The Population** Deepen healthcare reform. Support the development of Chinese traditional medicine. Improve the medical insurance system to cover the entire population. Improve institutions and mechanisms for managing and supervising food and drug safety. **Improve The People's Well-Being** Local governments need to be proactive in promoting job creation. Reduce income inequality in China. Improve the social security system in China. Do a better job creating employment.  *Editor's note: This is an unofficial BMI summary of the 13th Five-Year* ***Plan****. It is a translation of the text that was presented by Chinese state-owned media after it was approved by the National People's Congress on March 16 2016 (see source below). The purpose of this translation is to provide as accurate an account as possible in English of the key points of the 13th Five-Year* ***Plan****. An official translation in English sanctioned by the government is expected to be made available later in 2016, which may have discrepancies compared with this translation.Source: Xinhua News Agency /politics/2016lh/2016-03/17/c\_1118366322.htm)*

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[***Turkey in Africa: New comers, old challenges***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5NSP-C9R1-F11P-X0S9-00000-00&context=1516831)

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**Body**

Features

archive

By Dr. Federico Donelli

ISTANBUL

"The global growth is creating an international system in which countries in all parts of the world are no longer objects or observers but players in their own right. It is the birth of a truly global order."

With these simple words Fareed Zakaria, in his famous work "The Post-American World," succinctly summarized the process of shifting power, which has characterized the world order in the last two decades.

Among the results of this change are the nascent roles being played by middle and great emerging powers in international political economy. Politicians as well as media and public conventionally refer to them as BRICS (Brazil, Russia, India, China, South Africa) and MINT (Mexico, Indonesia, Nigeria, Turkey).

Regardless of the different features and performances of these major emerging national economies, almost all of them are looking for natural resources and new markets so as to sustain their economic growth.

Therefore, from this globalist perspective, it is more understandable why the transformation of the global economy has generated an unprecedented demand for mineral and energy resources, making Africa a geopolitically competitive arena.

Among the newcomers or non-traditional extra-regional actors (there are also the traditional Western ones like the U.K., France, and the United States, which are historically partners of Africa), Turkey has earned a special place since 1998 with the launch of the Africa Action ***Plan***.

However, Turkey's recent interest in Africa is not driven only by economic material gains; rather, behind Turkish rediscovery of Africa, there is a complex set of factors: economic, geostrategic as well as humanitarian.

Turkey rediscovery of Africa

Turkey's agenda gained momentum in 2005 with the "Year of Africa", which was considered a real milestone of Turkey's first policy towards the African continent. Since then, the Turkish opening towards Africa has ***produced*** political and economic results, enriching the total trade volume and increasing Turkey's visibility in the whole continent.

For example, all efforts promoted by Turkey led to the appointment of an observer (in 2005) and ***strategic*** partner of the African Union in 2008.

To sum up, we could divide Turkey's opening to Africa into two distinct periods: The first stage between 2005 and 2011, commonly known as the "opening" period, which witnessed Turkey's efforts towards breaking the ice in their reciprocal knowledge of one another. However, to be able to promote a mutual understanding with African countries, Turkey had to change its own perception -- and of course of the Turkish public -- about Africa and in particular Sub-Saharan Africa. This awareness-raising project about Africa has resulted in a consideration that the continent is not a weak and distant place but rather a place full of potential connections and opportunities.

During this period, Turkey operated in Africa like other non-western actors -- China, Brazil, India -- in the field of economic development and humanitarian aid. It has significantly increased its presence in Sub-Saharan Africa through trade agreements and bilateral projects in several different areas, such as health and ***agriculture***. That does not mean that Turkey was completely disinterested in African political and security issues, but they just were not Turkey's priorities.

Thus, Turkey established its presence through a number of multilateral projects, such as the New Partnership for Africa's Development (NEPAD), a ***program*** of the African Union adopted in 2001, with the aim of alleviating poverty and promoting economic growth and sustainable development, as well as joining several security operations, such as NATO's counter-piracy actions in the Gulf of Aden, off the Horn of Africa.

Involvement in Somali crisis

The role assumed by Turkey in Somalia saw a shift of focus toward the political aspects of the problems plaguing the sub region, that is, the Horn of Africa. Indeed, since 2011 Turkey's humanitarian diplomacy has grown, and its reputation as a humanitarian state rings louder across the Sub-Saharan region. On the contrary, with its active involvement in the Somali crisis, Turkey has also assumed political responsibilities in the Horn of Africa, rather than acting merely as an economic power or a donor country. Turkey has increased its efforts to promote a new regional scenario to guarantee peace and stability, considering these two to be the most essential prerequisites for any other development.

Ankara marks its soft-power-oriented approach with interagency coordination between state institutions and civil society organizations through the implementation of humanitarian initiatives, development assistance policies, and contributions to the peace negotiations in Somalia. If Turkey's power and potential to improve normalization and the state-building process in Somalia were legitimized and welcomed by the international community, Turkey would likely gain the position of a strong and relevant actor in the region.

However, this role change has exposed Turkey to certain threats from non-state actors like Islamist militant group al-Shabab and paved the way for new potential frictions with regional actors (Ethiopia, Nigeria, Egypt) and other extra-regional actors (Iran, Saudi Arabia, the United Arab Emirates). That is not something entirely new. Indeed, during the Cold War, the Horn of Africa emerged as one of the most highly penetrated local subsystems in the world; not only the two superpowers but Middle Eastern regional powers intervened in interstate and intrastate conflicts there.

The greater Middle East

Nowadays, the Horn of Africa represents both a critical crossroads of global places of interest and clashes, and an body\_abstract extension of the so-called "greater" Middle East. From this latter perspective, the eastern region of Africa could internalize dynamics, tensions, and rivalries like those in Middle Eastern geopolitics, which is exacerbated by the civil war in Yemen.

Therefore, there is a high risk of spillover as well as spread of sectarianism. The earliest visible example of this is the current trend of securitization that involves all the Middle Eastern countries that operate in the region. In less than a year Turkey, just like the other extra-regional competitors, has strengthened its military presence on the ground, mainly to counter Iran's increasing leverage in the region. Even though several countries (Somalia, Sudan, Djibouti) have officially severed their ties with Iran after the turmoil in Yemen, Tehran's political influence in the region remains substantial. That is why Saudi Arabia has signed several agreements with Djibouti and, more recently with Sudan, aimed at enhancing military cooperation as a response to Iranian activism.

However, the most powerful country is the U.A.E., which in 2016 opened a military base at Assab in Eritrea. The base includes an airbase, a deep-water port, and a facility for military training. Moreover, the Emiratis have recently signed similar deals with the semi-autonomous Somali regions of Somaliland and Puntland. Therefore, even though Turkey's opening of three military training camps in Mogadishu is officially aimed at helping the country train a professional army and improve security in Somalia, we should also see this as a move in an environment of harsh regional competition.

To conclude, it would not be wrong to predict that in the upcoming months the Horn of Africa will play a pivotal role in Middle Eastern countries' security interests at a time of international uncertainty and regional conflicts. How Turkey will be able to balance its ***strategic*** interests in the region through its praiseworthy humanitarian approach and despite the domestic turmoil it faced last year remains the primary challenge to figuring out what kind of role it can hold as an emerging power.

[The writer is a postdoctoral research fellow of political science and international relations at the Department of Political Sciences, University of Genova, Italy. He is currently a visiting researcher at Istanbul Sehir University's Center for Modern Turkish Studies.]

\*Opinions expressed in this article are the author's own and do not necessarily reflect the editorial policy of Anadolu Agency.

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Turkey in Africa: New comers, old challenges

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HINA Digest

13 September 2017

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**Body**

Zagreb, 13 September 2017 (Hina) - Grabar-Kitarovic:Hungary's blockade isn't political blackmail but remains for nowZAGREB, Sept12(Hina) -Hungary's decision to block Croatia's accession to the Organisation for Economic Cooperation and Development (OECD) is not politically motivated norin any way linked to a similar decision by Slovenia, Croatia's President Kolinda Grabar-Kitarovic saidin Budapest on Tuesday, stressing that she had received assurances fromHungarythat thedecision was in no way blackmail but aboutprotecting national interests.Shewas on a day-long visit to Hungary ahead of whichHungaryannounced that itwould not support Croatia's bid to join the OECD because of the INA-MOL issue and Croatia's treatment of MOL CEO Zsolt Hernadi."What is absolutely clear after these talks is that this decision is not politically motivated and I wasassuredthat Hungary absolutely wishes to continue developing friendship with Croatia at all levels, both politically and in terms ofinvestments, the economy and so on,"Grabar-Kitarovic told reporters after meeting with Prime Minister Viktor Orban and President Janos Ader.She added that it was explained to her during the talksthat the decision had to do with the protection of Hungary's business interests and investmentsin Croatia, because the OECD was not a political but an economic organisation of the most developed world economies, and Croatia hadproblems inthe investment and business climate.Because of those problems, Hungary does not intendto lift the blockade, sources close to Grabar-Kitarovic said.

Asked under which conditions Hungary would do it, the president said she "can't speculate on that."She said she would give Croatian PM Andrej Plenkovica detailed account oftoday's talks, adding that Plenkovic and Orban would certainly meet on the fringes of meetings in the European Union. She voiced confidence that there would be further contacts via quiet diplomacy.Grabar-Kitarovic said Ader and Orban told herthat there was no connection between Hungary's decision and Slovenia's decision to block Croatia's OECD accession because it refusedto recognise a border arbitration ruling, adding that it did not mean "that Hungary wishes to blackmail Croatia in that context."Since this was a working visit, the Hungarian officials did not speak to the press, but the Hungarian government posted a press release on its website saying that Grabar-Kitarovic and Orban talked about "unsolved discussions between Croatia and Hungary in connection with which (they) confirmed their earlier positions." The press release said they also talked about the future of central European cooperation and the position of minorities, which was assessed as excellent.Grabar-Kitarovic saidHungary was not satisfied with how the situation between Croatian oil company INA and its Hungarian peerMOL hadbeen handled in the past, and that she informed Hungary of her dissatisfaction with the OECD blockade decision and the fact that Croatia should be forced to any solution through anyblockade, which the Hungarian officials ruled out.As regards the Croatian government's ***plan*** to buy MOL's stake in INA, Grabar-Kitarovic said INA should remain Croatia's main, stable, vertically integrated energy company andkeep its plants in Rijeka and Sisak, and that in the process of INA buyout, MOL should retain stability and enable further development.Sources close to today's talks said Hungary had several objections which prompted its decision to block Croatia's OECD entry, the main being Croatia's refusal to respect court decisions handed down in theINA-MOL case.As for Hernadi, during today's talks Hungary did not mention the possibility ofan indictment against him in Croatia being dropped, but it did say that Croatia did not honour adecision of its Constitutional Court, which ordered a retrial in the case of former Croatian PM Ivo Sanader, accused of taking a bribe from Hernadi so that MOL could gain a dominant position in INA. Croatia did not honour a Hungarian court's acquittal of Hernadi either, according to Hungarian officials.Grabar-Kitarovic today also visited the Danube Commission and received an honorary doctorate atCorvinus University, where she gave a talk, "A stronger Central Europe Means a Stronger EU and Transatlantic Community‎:Croatia's Contribution to our Cohesion and Resilience."Croatian president gives talkon importance of Central EuropeZAGREB, Sept 12 (Hina) - Croatian President Kolinda Grabar-Kitarovic on Tuesday gave a talk at Budapest's Corvinus University, where she received an honorary doctorate, underlining the importance of a strong and connected Central Europe for a stronger transatlantic community and the importance of connecting Central European countries through the Three Seas Initiative.Delivering her speech, "A stronger Central Europe Means a Stronger EU and Transatlantic Community‎: Croatia's Contribution to our Cohesion and Resilience", Grabar-Kitarovic spoke about her advocacy of EU and NATO enlargement onto Southeast Europe and the shared history of Hungary and Croatia.University head Andras Lancsi congratulated his guest on her promotion of Central Europe, support for academic excellence and strengthening of the Croatian-Hungarian friendship.Grabar-Kitarovic said in her speech that Croatia, as a Central European country, did not want the EU countries to be divided into those in the centre and those on the periphery.We do not want to be stigmatised as the continent's Achilles heel and we intend to fully use our big potential, she said, adding that this was possible through the Three Seas Initiative.Successfully uniting 12 Central European countries into the globally recognised project Three Seas Initiative - an informal and flexible political platform led by Poland in the north and Croatia in the south - will help successfully connect the Baltic, Adriatic and Black Seas into an area of economic growth and progress, she said, expressing hope that this would help create jobs for young people and give them a chance to stay in their countries.Grabar-Kitarovic also spoke about Croatia's expanding its foreign policy to the Mediterranean basin as well as the importance of the prospect of membership in Euro-Atlantic associations for Southeast European countries.Plenkovic meets special Chinese presidential envoyZAGREB, Sept12(Hina) - Prime Minister Andrej Plenkovic on Tuesday met with Meng Jianzhu, a special envoy of the President of the People's Republic of China, the government said in a statement.The two officials confirmed that the two countries, which this year mark the 25th anniversary of the establishment of diplomatic relations,had good political relations.They discussed ways to intensify economic cooperation, notably in the field of infrastructure and transport.Meng and Plenkovic expressed confidence the two countries would continue to work on enhancing trade and mutual investments.They underlined the need to promote cooperation within the China+16 initiative, and PM Plenkovic said that the next China + 16 summit, to be held in Budapest in November, would provide an opportunity to make the cooperation between the two countries more concrete, notably in the area of infrastructure.Plenkovic stressed that Croatia put special emphasis on tourism within the China + 16 initiative and expressed interest in Croatia hosting a China + 16 conference of tourism ministers in 2018.Plenkovic and his guest expressed satisfaction with an agreement signed earlier in the day on jointCroatian-Chinese police patrols, to be introduced during the next tourist season, which, they said, could contribute to a further increase in the number of Chinese arrivals in Croatia, which could reach 200,000 next year.Croatian, Chinese police to jointly patrolas of next summerZAGREB, Sept12(Hina) - As of the 2018 tourist season Croatian police officers will be assisted in keeping public peace and order by their Chinese colleagues, according to an agreement signed in Zagreb on Tuesday by Croatian Police Director Nikola Milina and Chinese Deputy Public Security Minister Li Wei.Addressing the signing ceremony, Croatian Minister of the Interior Davor Bozinovic said that the signing of the agreement was a step forward in the two countries' security cooperation.The project "Safe Tourist Season" has been going on in Croatia for 12 years, involving 17 countries, and we are particularly pleased that China is the first non-European country to join it, said Bozinovic.He noted that the number of Chinese visitors in Croatia this year was 60% higher than in 2016, when 100,000 Chinese visited the country.Bozinovic expressed satisfaction with the fact that China and Croatia cooperated in many areas regarding the 16+1 initiative, as well as in the field of security.A special envoy of the Chinese president, Meng Jianzhu, welcomed the agreement with the Croatian police, noting that Croatia was an important Central European country with rich tourismresources and that his country wanted to strengthen its cooperation with Croatia to the benefit of both peoples.Meng said that today's talks also tackled the fight against terrorism and that the two sides agreed that they should step up their cooperation in the prevention of organised and cross-border crime.Cerar: Economic cooperation with Croatia excellentZAGREB, Sept12(Hina) - The economic cooperation between Slovenia and Croatia is excellent while in some other areas, such as border demarcation, it is not, Slovenian Prime Minister Miro Cerar said while opening the 50th International Trade and BusinessFair in Celje on Tuesday.The event, taking place until September 17, features 1,478 exhibitors from 30 countries, including 50 from Croatia.The fair has a partner country for the first time this year - Croatia.Opening the fair with Croatia's Economy Minister Martina Dalic, Cerar commented on relations between the two countries in the context of recent disagreements regarding the border arbitration dispute, saying that the two countries had an excellent economic cooperation and were one to another among the most important trade partners."On some fronts, for example the economy, the cooperation is excellent, and on some other fronts itis very good or good," Cerar said, adding that in some areas the cooperation was not good, an example being border demarcation.There is a lack of mutual trust in those matters, and politicians are responsible for that to a large extent, said Cerar.Addressing the event, Minister Dalic commended the two countries' economic cooperation, expressing regret that "some important issues" have been outstanding for a long time and noting that they should be settled "in line with international law".Dalic said that Croatia-Slovenia trade had been on the rise, totalling EUR 3.6 billion in 2016.Slovenia is the third most important trade partner to Croatia and Croatia is the fourth most important partner to Slovenia, Dalic said, pointing also to the high number of Slovenians traditionally vacationing in Croatia.Slovenian FM for resolute policy towards CroatiaZAGREB, Sept12(Hina) - Slovenian Foreign Minister Karl Erjavec said on Tuesday the time had come for a resolute foreign policy towards Croatia and that he was surprised by the opposition politicians criticising him for diplomatic tactlessness, although they too were in favour of implementing the border arbitration agreement with Croatia.Speaking to reporters in Ljubljana, Erjavec said he was surprised that the opposition last week supported Prime Minister Miro Cerar's ***plans*** on the implementation of a border arbitration ruling and police escorts for Slovenian fishermen, while at the same time criticising Erjavec for unnecessarily straining relations with Croatia and making untactful, undiplomatic statements."They say I should express my positions with more diplomatic dexterity, but we didthat for the past 26 years and see where it got us," he said, frustrated that the border issue with Croatia remained unsolved."I think the time has come for a resolute foreign policy. Our decision to stop the procedure of Croatia's accession to the OECD was the right one. Those who don't respect international law and court decisions don't meetOECD requirements. It's not a question of diplomacy but of facts."Erjavec conceded that he hadneversupported Cerar's attempt at dialogue with Croatian PM Andrej Plenkovic, thinking that it would not be fruitful nor lead to a joint implementation of the border arbitration ruling because Croatia claimedthe ruling was not binding. He said he had also warned that Slovenia should unilaterally take the necessary steps on that front.According to Slovenian media, Erjavec did not refute unofficial reports that a second Cerar-Plenkovic meeting, which their associates hadbeen negotiating, would not take place. "I think (their) first meeting was a mistake. Plenkovic isn't an honest interlocutor," he said.He said Plenkovic recently urged Croatian fishermen to continue fishing as they had done all over one half of Savudrija/Piran Bay, although the arbitration ruling gave a majority of the waters to Slovenia. That was an "undiplomatic" step testifying to Plenkovic's "dishonesty" in talks with Slovenia, he added.Defence ministerofficially visitsRomaniaZAGREB, Sept 12 (Hina) - Croatia's Deputy Prime Minister and Minister of Defence, Damir Krsticevic, and his associates held talks with Romanian Deputy Prime Minister Ion-Marcel Ciolacu in Bucharest on Tuesday, the Croatian Defence Ministry reported.The two deputy prime ministers confirmed the good bilateral cooperation and signed a Host Nation Support Memorandum of Understanding between the two governments on mutual support.Minister Krsticevic congratulated Romania on the tenth anniversary of its EU membership and underscored:"This year we are making 25 years since the establishment of diplomatic relations between Croatia and Romania. Astwo friendly countries, we have joint meetings and talks at various levels. We share common interests and similar views on security challenges. Our common objectives arethe credibility of NATO and the European Union in the fight against growing radicalism and stability in Southeast Europe."Krsticevic expressed satisfaction that Croatian and Romanian soldiers participatedtogether in NATO's peace support mission in Afghanistan, in the KFOR operation in Kosovo, and in the Enhanced Forward Presence (eFP)mission in Poland."Apart from our common contribution to global security in missions and operations, we are also achieving progress in the area of bilateral defence cooperation, and the Memorandum signed today will additionally advance that cooperation,"Krsticevic said.Talks during the meeting also focused on increasing defence spending. Both countries recognise the importance of distributing the burden and increasing defence spending and have managed to increase their defence budgets.During the visit, Minister Krsticevic also met with Romania's Foreign Minister Teodor Melescanu and discussed future cooperation and coordination in chairing the European Council in 2019 and 2020, the Defence Ministry said in its press release.Stromar:HNS entered gov't for sake of country's stabilityZAGREB, Sept 12 (Hina) - The main reason for the Croatian People's Party (HNS) to enter into the government with the Croatian Democratic Union (HDZ) was the country's stability, acting HNS leader, Deputy Prime Minister and Minister of Construction and Physical ***Planning***, Predrag Stromar said on Tuesday commenting on "100 days of HNS in the Government."Stromar said that, together with the HDZ, they would make a decisionon the future of the real estate tax and that HNS advocates that the issue of the "For the Homeland Ready" salute be resolved by law that will regulate all symbols of undemocratic regimes."HNS has brought stability for this government and that was the basic and main reason why we entered the government - stability,primarily economic stability," Stromar underscored. A lot has been done and there is still a lot to do, he added.Had the HNS not entered into the government, a snap election would have been held, there would have beena caretaker government,and the question is whether a majority would have been formed after that election or would there bea government at all. He is certain that nothing would have functioned normally for a year or more, which is now functioning at the government level.He did not wish to assess cooperation with the HDZ and said that thatwas something that was discussed within four walls. "We don't want to send messages to our partners via the media like some other parties did. We sit down and talk and we will continue to do so," he said.He underscored that thanks to HNS entering into the government, the ailing Agrokor company did not cause any great damage to the economy and that he is convinced that that issue will be resolved in the best possible way. Had the HNS not entered into the government, there would not have been any stability,Agrokor's creditors would not have approved a loan,debts would not have been paid and many companies would have gone bankrupt, he said.Stromar is convinced that without HNS entering into the government, chaos would have occurred at the Croatian-Slovenian borderduring the tourism season because in that case a caretaker government would not have been able to negotiate an entry regime with the European Commission and Slovenia.He also underlined that it would not have been possible to continue absorbing EU funds and, above all, the education reform would not have started. "Had we not entered the government, we would have had to wait for one more year and then one more again," he said.He reiterated that HNS wishes to put ideological matters aside so that the left and the right do not continue their bickering. In that regard, the HNS has complete confidence in Prime Minister Andrej Plenkovic who considers that there is no room for the "For the Homeland Ready" salute in public in Croatia."And we stand behind that. And expect and hope thatproblem to beresolved legally and that there is nomore talk about itin our society. When we end that story, it will be resolved for the generations to come," Stromar said.That means that HNS is waiting for recommendations by the Council for Dealing with the Consequences of Undemocratic Regimes and for a law to beadopted after that. "We have yet to bring that stability so that we legally regulate everything that concerns all symbols of former regimes that weren't democratic," he said.With regard to the introduction of a real estate tax, Stromar said that this was being discussed with the HDZ,that some minor problems have been identified and that they would jointly make a decision on how local rates would be collected in municipalities and cities."The proposal that was put forward was not a real estate tax but in fact thelocal rateand two other taxes that were amalgamated," he added.Whether the real estate tax that was foreseento go into force on January 1will be deferred is something that is still being discussedwith the HDZ,Stromar said, adding that he believes that it should be deferred until the beginning of 2019."I would want that to be 1 January 2019and in the meantime for us to provide citizens with more information on what it means and perhaps to adjustit a little," he said.Dalic: Emergency management has prevented uncontrolled bankruptcy in AgrokorZAGREB, Sept12(Hina) - Croatian Economy Minister Martina Dalic said on Tuesdaythe business results of the ailing Agrokor group showed that the emergency management had prevented uncontrolled bankruptcy and big risks to Croatia's economyand to the economies of the countries in which the Croatian group had companies."Today we see that business has stabilised," she told reporters at the 50th International Trade and Business Fair in Celje, Slovenia.Dalic said she was pleased that the Slovenian government's member on the management board of the Slovenian retailer Mercator had confirmed that no transactions had been made outside of sales contracts. She said this was one more proof which increased trust in the emergency management and in the fact that it contributed and saw to Mercator's stability too.Last week,the Slovenian government's member on Mercator'smanagement board, Gregor Planteu, said in a report on transactions between Mercator and Agrokor that there had not been any that would have damaged Mercator at the expense of its majority owner.Dalic said a decision under which Croatia's law on the emergency management in Agrokor was recognised in Slovenia as an insolvency procedurehad also contributed to "the quality and course of the emergency management."The Celje fair is taking place September 12-17, featuring 1,478 exhibitors from 30 countries, including 50 from Croatia. The fair's partner country this year, for the first time is Croatia.SDP says worried about situation at HRTZAGREB, Sept 13 (Hina) - The Social Democratic Party (SDP) will ask that the parliament's committee on information and media hold an extraordinary session to discuss the situation at the national public broadcaster HRT, the party leadership decided on Tuesday, with SDP chief Davor Bernardic expressing concern about "the violation of reporters' rights and suppression of their freedoms in that media company."Addressing reporters, Bernardic particularly voiced concern about the replacement of the HRT's Supervisory Board earlier in the summer, after the Board chair informed MPs of possible unlawful activities at the HRT in 2016."Something like that must not happen in Croatia," he told reporters.The SDP leadership also decided to request an extraordinary session of the parliament's committee on foreign affairs because "relations with all neighbours have never been worse," said Bernardic. Commenting on the current political situation, Bernardic said that media were attacking the SDP and him in order to divert the public's attention from the government's inactivity, the emigration of young people and 40,000 jobs in Agrokor that were at risk, as well as electricity price hikes and lack of progress in the curriculum reform.He went on to say that media reports about his "violating the party statute by taking out a six million kuna loan for the party" and about his privately congratulating Velimir Bujanec, the host of a local TV talk show, on his wedding were part of a mudslinging campaign, with attacks coming also from his own party.As for his congratulating Bujanec, Bernardic said that he had not been brought up to hate anyone, and as for the loan, for which the party property has been mortgaged, he said that it was the party's internal matter and that the SDP's operations "were stable and in line with the law." Asked to comment on Bernardic's private congratulations to Bujanec, the head of the SDP parliamentary caucus, Arsen Bauk, said that "in relations with the opposite political camp I prefer the position 'It's either us or them'"."The policy the (ruling) HDZ party has been pursuing lately justifies that position. In political terms, I believe that we have reached the point where we should exacerbate our relations. That refers to a broader spectrum, the one that tolerates that policy by keeping silent," said Bauk.HND, 2NGOs slamdecision to suspend TVprogrammeZAGREB, Sept 12 (Hina) - The Croatian Journalists Association (HND) and the non-governmental organisations GONG and "Let's Help Children with Disabilities" on Tuesday opposed the decision by the public broadcaster HRT to take the television ***programme*** "Hrvatska uzivo" (Croatia Live) off the air.Although the ***programme*** was budgeted for until January 2018, it was abruptly removed from the autumn ***programming*** schedule.The HND condemned the move, as well as "a vulgar attack" on the ***programme***'s host Maja Sever by the deputy chairman of the parliamentary Committee on Home Affairs and National Security, Petar Skoric."The HND strongly condemns this move and considers it a continuation of attacks on professionalism by suspending or marginalising HRT news ***programmes*** of public interest and by harassing journalists and editors who refuse to unquestioningly obey a business and ***programming*** management who are systematically destroying the HRT as a public media service," the organisation said in a statement.The HRT has said that the ***programme*** was taken off the air because viewers complained that there was too much politics in it, which the HND described as "tragicomic".The ***programme*** covered mostly social and health issues, the rights of the most vulnerable groups, trade unions, civil society and cultural events, while political events were presented live from parliament with the latest news and commentsfrom lawmakers on current affairs.The HND said that the HRT's explanation was "blatant manipulation" because at the same time it was ignoring massive complaints by viewers over the broadcasting of Sunday masses at which some of the priests held political speeches, or complaints over the quality of the main news ***programmes***, including the prime-time evening news bulletin Dnevnik "which has never been worse".GONG sent a letter to the parliamentary Media Committee saying that the committee faced a challenge of supporting freedom of expression and pluralism of thought or politically punishing professional journalism at the HRT.GONG said that journalists and editors of the Croatia Live ***programme*** had been subjected to "unofficial harassment" by their own organisation.The civil initiative "Let's Help Children with Disabilities" said that thanks to the Croatia Live ***programme*** it managed to raise public awareness of many issues and that many cases of injusticeand discrimination had been redressed thanks to this ***programme***. "That's why we were surprised by the HRT's decision to suspend the ***programme***," it said in a statement.Construction ofnew American International School in Zagreb beginsZAGREB, Sept12(Hina) - The start of construction work on a new building to house the American International School was marked at a ceremony held in Zagreb's Bundek park on Tuesday, in the presence of U.S. Ambassador Julieta Valls Noyes and Zagreb Mayor Milan Bandic and their associates.The school, established in 1966, will remain in Zagreb's Vocarska's Streetuntil the next school year, when it will move to abuilding near the Bundek park, to be built on a plot of some 20,000 square metres, the ownership of which the City of Zagreb recently transferred onto the government, and the government ceded the right of construction to the American International School.Ambassador Valls Noyes thanked all who had contributed to ensuring a new location for the school.This is an important change in the life of the school as well as of Zagreb, and a sign that the school will continue to have an important role fordecades to come, she said.The school is attended by 265 children of more than 30 different nationalities - 26 kindergarten goers, 59 high school students and 82 university students. They are cared for by more than 50 teachers and other staff.The new school building will have a capacity of 480 students.Addressing the ceremony, Mayor Bandic thanked the United States for helping Croatia win its freedom and build democracy.A-HSP again protestsagainst Serb weeklyZAGREB, Sept12(Hina) - Adozen members of the non-parliamentary right-wing Autochthonous Croatian Party of Rights (A-HSP) on Tuesday again rallied outside the offices of the Serb National Council (SNV) in Zagreb, protesting against the government's financing of the SNV weekly "Novosti" and once again setting copies of the weekly on fire.A-HSP members were assisted in this act byretired Rijeka journalist Nikola Krkljes, who said that he was a member of the Serb minority.A-HSP leader Drazen Keleminec levelled numerous accusations against SNV president Milorad Pupovac, claiming that based on what Krkljes had told him,Pupovac received a monthly income of as much as HRK 83,000.Keleminec accused Novosti of spreading hate, adding that his party had therefore filed a criminal report with the State Prosecutor's Office against the SNV.Keleminec claimed that he set copies of Novosti on fire as a message to the government to stop financing the paper with HRK 3.2 million annually as it was not "a paper of the Serb minority" but of reporters who used to work in the satirical weekly "Feral" and who, he said, had always been opposed to Croatia.Krkljes, who was introduced to reporters as a retired journalist, said that he had decided to attend today's protest because Novosti was no longer a weekly of the Serb minority. "What is now being written in the weekly does not benefit either the Serb or the Croat people."Krkljes and Keleminec also claimed thatPupovac had mismanaged funds intended for the Serb minority.Police said later todaythat they would expand aninvestigation launched previously into Keleminec. Hefirst burned copies ofNovosti on September 2, claiming that the weekly called for starting wildfires in Croatia during the peak tourist season.The police said that since there were reasonable grounds for suspicion that this was a case of incitement to hate and violence against a specific group, in this instance the Serb ethnic minority, an investigation had been launched to establish the existence of elements of the said criminal act.In that context the police are also investigating today's event and the event of September 2 and they will inform the relevant prosecutor's office of the information collected, the Ministry of the Interior said on its web site.B.a.B.e. calls on lawmakers to ratify Istanbul ConventionZAGREB, Sept 12 (Hina) - The B.a.B.e. human rights organisation on Tuesday called on Croatian and European parliamentarians to vote in favour of ratifying the Council of Europe Convention on preventing and combating violence against women and domestic violence, known as the Istanbul Convention.The convention will contribute to the prevention of all forms of violence and discrimination, promote gender equality and ensure a comprehensive framework of policies and measures to protect and assist victims of all forms of violence against women, including domestic violence, the Croatian association said in a statement ahead of a debate on the matter in the European Parliament.B.a.B.e., which is the Croatian acronym for "Be active, Be emancipated", called on the public in Croatia and Europe to support the ratification of the Istanbul Convention and"to reject any form of intentional or malevolent misinterpretation of the spirit of this convention and not to fall for false interpretations and statements by those who do not care about protecting women, children and families."According to earlier announcements by the Ministry of Demography, Family and Youth, the bill ratifying the Istanbul Convention should be introduced in the Croatian parliament before the end of the year.The convention entered into force in 2014, and Croatia is still among the countries that have only signed it.Hrast calls on MEPs not to ratify Istanbul ConventionZAGREB, Sept 12 (Hina) - The Hrast party on Tuesday called on Croatian MEPs to vote against ratifying the Istanbul Convention saying that that international agreement, which is legally stronger than Croatian legislation, threatens the values that fundamentally definethe Croatian people and its national identity."Hrast absolutely advocates the fight against any form of violence, particularly violence as horrific as violence against women and children. We believe that there is a consensus with regard to condemning that type of violence among all social and political stakeholders in Croatia. For that reason we should be creating and ratifying documents that will be generally accepted and as such, effective, rather than documents like the Istanbul Convention, which under the guise of the fight against violence against women, try to palm off their attack on traditional family values," Hrast said in a press release.The Istanbul Convention requires country signatories to fight against all social stereotypes, those negative but also those positive such as marriage and classical parental and family relations so Hrast considers that this"aggressive and exclusive document" will target the major part of Croatia's culture, tradition and customs as well as the foundations of Christianity itself."Hrast - Movement for a Successful Croatiawill firmly and uncompromisingly support, defend and promote Croatia's national identity, courageously pointing out such 'rotten'documents and truly fighting against any form of violence," the press release said.According to announcements by the Ministry of Demography, Family and Youth, the bill to confirm the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention) should be submitted to parliament for ratification by the end of the year.Izetbegovic:Covic misusing his powers, working for CroatiaZAGREB, Sept12(Hina) - The Bosniak member of Bosnia and Herzegovina's collective Presidency, Bakir Izetbegovic, on Tuesday accused the incumbent Presidency chair, Dragan Covicof the Croat HDZ BiH party, of misusing his powers by claiming that Bosnia and Herzegovina's position on Croatia'sPeljesac bridge project was that there were no formal or legal obstacles to that project.Izetbegovic was commenting on Covic's meeting with Croatian President Kolinda Grabar-Kitarovic in Zagreb on Monday and hisstatement at that meeting,which Izetbegovic considers to be contentious and incorrect."It is not true that 'as regards Bosnia and Herzegovina authorities, there are no formal or legal obstacles to the construction of the Peljesac bridge.' The situation is quite the opposite," Izetbegovic says in a statement.Izetbegovic reminds Covic of the official position of the BosnianPresidency of 2007 saying that "Bosnia and Herzegovina is against the construction of the bridge until outstanding issues regarding the determination of the sea border between the two countries are resolved."Croatia's highest state officials were informed of that position at the time, Izetbegovic says in his statement.He also warns Covic that as the chair of the BosnianPresidency he has the constitutional obligation to represent the official positions and interests of Bosnia and Herzegovina and that any other conduct constitutes misuse of office."It is intolerable that the chair of the Bosnia and Herzegovina Presidency represents not the interests of Bosnia and Herzegovina but the interests of another country and is trying to justify Croatia's actions that constitute an attack on Bosnia and Herzegovina's sovereignty and are contrary to the UN Convention on the Law of the Sea and Bosnia and Herzegovina's long-term interests," said Izetbegovic.During the meeting with Grabar-Kitarovic, Covic also said that certain political forces in Bosnia and Herzegovina were using the Peljesac bridge project for daily political purposes.Bosnia's PM, security minister deny assessments of danger of terrorismZAGREB, Sept 12 (Hina) - Bosnia's Prime Minister Denis Zvizdic and Security Minister Dragan Mektic on Tuesday rejected as unfoundedclaims that there are thousands of radicalised persons in the country who could pose a terrorist threat, buttheydid not wish to reveal any numbers that the police have at their disposal.Following a regular meeting with the heads of police and the Intelligence Security Agency (OSA), Zvizdic told reporters that the most important topic discussed was an analysis of the security situation, with emphasis on terrorism and extremism which happens to have coincided with "statements by officials in the region and the European Union.""Our services do not have information that there are five or ten thousand radicalised persons in BiH. If someone does have this information, then we ask them, particularly our neighbours, to deliver this information to our agencies," Zvizdic said, without directly referring to Croatian President Kolinda Grabar-Kitarovic.He claimed that the threat of terrorism is no greater in Bosnia than in Croatia or Serbia, and called on officials in neighbouring countries to stop making statements that cause unrest and at the same time have a negative impact on BiH politically and economically.He added that what is most important is thatsecurity services in the country cooperate with those in other countries in the region and he assessed that cooperation as excellent. Bosnia no longer has anyone going off to foreign war zones, there are no terrorist acts and we will continue to act preventetively, he said.Security Minister Mektic added that problems of radicalism and violent extremism exist in BiH butthere has not been one serious terrorist incident in over two years.He added that the police and intelligence agentswere monitoring certain people andworking on identifying potential threats, and that this information is exchanged and analysed with agencies in 90 countries around the world.Vucic supports Serb List's joining Kosovo gov't, says Haradinaj remains war crimes indicteeZAGREB, Sept 13 (Hina) - Serbian President Aleksandar Vucic on Tuesday supported a decision by the Kosovo Serb List to join the Kosovo government led by former Kosovo Liberation Army commander Ramush Haradinaj, reiterating that Serbia still considered Haradinaj a war crimes indictee.Addressing a news conference, Vucic said that the Serb List had made "a wise decision because it will gain the opportunity to improve the situation" and fight for the interests of the Kosovo Serbs.Vucic stressed that for the first time since 1999 ethnic Albanian parties did not have an absolute majority in the Kosovo parliament and that the Kosovo government had been formed owing to the Serb List."For the first time since 1999 we have something in our hands," he said, dismissing the Opposition's fierce criticism of the Serb List's decision to support a government to be headed by Haradinaj.Recalling that the Serb List could choose between three options, the other two being support for Albin Kurti and his Movement for Self-Determination, which, he said, would have led to new elections, and withholding support to any bloc, Vucic noted that the decision to join the government to be led by Haradinaj did not mean that the position on him had changed."Serbia's position on Haradinaj has not changed, he continues to be a war crimes indictee," he said.Vucic announced for October the start of "an institutional dialogue on Kosovo", to involve leading Serbian institutions - from the Serbian Academy of Arts and Sciences to the non-governmental sector."We believe that all policies concerning Kosovo and Metohija, one of the key issues of Serbia's political present and future, are important," Vucic said.He also said that he believed that he would be able to meet with US President Donald Trump during his coming visit to the United States and invite him to visit Serbia.In other news:Forum of Polish,Croatian regions to be heldon Oct 11-14ZAGREB, Sept 12 (Hina) - The sixth forum of Polish and Croatian regions will be held in the Polish medieval town of Torun on October 11-14, when representatives of Polish voivodeships and Croatian counties (zupanije) will be discussing global changes in Europe, self-government in the 21st century and the future of the EU cohesion policy after 2020.Also discussed will be tourism development, notably business tourism, infrastructure development, and public-private partnerships, the Croatian Association of Counties announced in a press release on Tuesday.The purpose of the forum is to further promote the successful cooperation between the two countries' regions, which has been going on since 2011.The Croatian Association of Counties in particular emphasised the exchange of experience in absorbing EU funds in efforts to ensure more balanced regional development. It noted that Poland is the country that has drawn the largest amount of EU funds thanks to smart ***strategic*** ***planning***.The key to the Polish success lies in the fact that the central government has transferred its powers to voivodeships, absorbing 70 percent of EU funds through them.In the 2014-2020 budget period, the Polish regions will be managing as much as 28 billion euros, according to the press release.The forum will be held under the auspices of Croatia'sParliament Speaker Gordan Jandrokovic, the Ministry of Regional Development and EU Funds, the Ministry of ***Agriculture*** and the Croatian Chamber of Commerce.Euro-African Spearfishing Championship taking place in Mali LosinjZAGREB, Sept 13 (Hina) - The 31st Euro-African Spearfishing Championship, taking place in the island town of Mali Losinj on September 13-17, has brought together 120 competitors as well as numerous tourists from 20 European and African countries, the local tourism office has reported.Mali Losinj, located on the northern Adriatic island of Losinj, is the birthplace of spearfishing because the first world spearfishing championship was held there in 1957, the head of the local tourism board, Dalibor Cvitkovic, has said.In 2010, Losinj also hosted the World Spearfishing Championship.Competing in this year's event will be teams from Croatia, Italy, Greece, Finland, San Marino, Slovenia, Turkey, Ukraine, Algeria, South Africa, Denmark, Spain, Bulgaria, Cyprus, Russia, Tunisia, Egypt and Norway.Croatiawins 4 medals at Global Cheese Awards in UKZAGREB, Sept 12 (Hina) - Cheeses made by the Croatian factories Paska Sirana and Agrolaguna have won four medals at the Global Cheese Awards competition in Somerset, England, among 1,100 cheeses from around the world, the two cheesemakers said on Tuesday.Paski Sir, the sheepmilk cheese made by Paska Sirana on the island of Pag, won two gold medals as the best sheepmilk cheese.Agrolaguna from Istria won two medals for two types of its Spin cheese, a silver medal for sheepmilk cheese in walnut leaves and a bronze medal for cheese made from a mixture of cow's and sheep's milk.Zagreb stock exchange sees significant rise in turnoverZAGREB, Sept12(Hina) - Turnover on the Zagreb Stock Exchange (ZSE) on Tuesday was several times higher than daily turnovers in the past few months, while the ZSE indices dropped for the sixth consecutive trading day.Regular turnover totalled HRK 24.8 million, 21.5 million more than on Monday.This was the highest daily turnover since April 19, when it totalled HRK 39 million.The stock of the HT telecommunications company generated the highest turnover, of HRK 7.9 million, and its price grew 0.17% to HRK 176 per share.The Koncar Elektroindustrija stock followed, with a turnover of HRK 3.36 million. The price of its shares dropped 0.21% to HRK 720.01.The food ***producer*** Atlantic Grupa stock turned over HRK 3.06 million, and the price of its shares grew 1.09% to HRK 814.01.The stock of the Valamar Riviera tourism company generated a turnover of HRK 2.65 millionand the price of its shares dropped 2.5%.The stocks of Zagrebacka Banka, the Adris tourism and insurance company and the Podravka food company, too, generated turnovers exceeding one million kuna each.(EUR 1 = HRK 7.42)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS ON WEDNESDAY (Hina) ha Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Sept12(Hina) - Prime Minister Andrej Plenkovic on Tuesday met with Meng Jianzhu, a special envoy of the President of the People's Republic of China, the government said in a statement.

ZAGREB, Sept12(Hina) - As of the 2018 tourist season Croatian police officers will be assisted in keeping public peace and order by their Chinese colleagues, according to an agreement signed in Zagreb on Tuesday by Croatian Police Director Nikola Milina and Chinese Deputy Public Security Minister Li Wei.

ZAGREB, Sept12(Hina) - The economic cooperation between Slovenia and Croatia is excellent while in some other areas, such as border demarcation, it is not, Slovenian Prime Minister Miro Cerar said while opening the 50th International Trade and BusinessFair in Celje on Tuesday.

ZAGREB, Sept12(Hina) - Slovenian Foreign Minister Karl Erjavec said on Tuesday the time had come for a resolute foreign policy towards Croatia and that he was surprised by the opposition politicians criticising him for diplomatic tactlessness, although they too were in favour of implementing the border arbitration agreement with Croatia.

ZAGREB, Sept 12 (Hina) - Croatia's Deputy Prime Minister and Minister of Defence, Damir Krsticevic, and his associates held talks with Romanian Deputy Prime Minister Ion-Marcel Ciolacu in Bucharest on Tuesday, the Croatian Defence Ministry reported.

ZAGREB, Sept 12 (Hina) - The main reason for the Croatian People's Party (HNS) to enter into the government with the Croatian Democratic Union (HDZ) was the country's stability, acting HNS leader, Deputy Prime Minister and Minister of Construction and Physical ***Planning***, Predrag Stromar said on Tuesday commenting on "100 days of HNS in the Government."

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ZAGREB, Sept 12 (Hina) - Bosnia's Prime Minister Denis Zvizdic and Security Minister Dragan Mektic on Tuesday rejected as unfoundedclaims that there are thousands of radicalised persons in the country who could pose a terrorist threat, buttheydid not wish to reveal any numbers that the police have at their disposal.

ZAGREB, Sept 13 (Hina) - Serbian President Aleksandar Vucic on Tuesday supported a decision by the Kosovo Serb List to join the Kosovo government led by former Kosovo Liberation Army commander Ramush Haradinaj, reiterating that Serbia still considered Haradinaj a war crimes indictee.

Addressing a news conference, Vucic said that the Serb List had made "a wise decision because it will gain the opportunity to improve the situation" and fight for the interests of the Kosovo Serbs.

Vucic stressed that for the first time since 1999 ethnic Albanian parties did not have an absolute majority in the Kosovo parliament and that the Kosovo government had been formed owing to the Serb List.

"For the first time since 1999 we have something in our hands," he said, dismissing the Opposition's fierce criticism of the Serb List's decision to support a government to be headed by Haradinaj.

Recalling that the Serb List could choose between three options, the other two being support for Albin Kurti and his Movement for Self-Determination, which, he said, would have led to new elections, and withholding support to any bloc, Vucic noted that the decision to join the government to be led by Haradinaj did not mean that the position on him had changed.

"Serbia's position on Haradinaj has not changed, he continues to be a war crimes indictee," he said.

Vucic announced for October the start of "an institutional dialogue on Kosovo", to involve leading Serbian institutions - from the Serbian Academy of Arts and Sciences to the non-governmental sector.

"We believe that all policies concerning Kosovo and Metohija, one of the key issues of Serbia's political present and future, are important," Vucic said.

He also said that he believed that he would be able to meet with US President Donald Trump during his coming visit to the United States and invite him to visit Serbia.

ZAGREB, Sept 12 (Hina) - The sixth forum of Polish and Croatian regions will be held in the Polish medieval town of Torun on October 11-14, when representatives of Polish voivodeships and Croatian counties (zupanije) will be discussing global changes in Europe, self-government in the 21st century and the future of the EU cohesion policy after 2020.

ZAGREB, Sept 12 (Hina) - Cheeses made by the Croatian factories Paska Sirana and Agrolaguna have won four medals at the Global Cheese Awards competition in Somerset, England, among 1,100 cheeses from around the world, the two cheesemakers said on Tuesday.

ZAGREB, Sept12(Hina) - Turnover on the Zagreb Stock Exchange (ZSE) on Tuesday was several times higher than daily turnovers in the past few months, while the ZSE indices dropped for the sixth consecutive trading day.

**Load-Date:** September 13, 2017

**End of Document**



[***M and A Navigator: Deal pipeline -31 January***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJ6-12W1-F0K1-N088-00000-00&context=1516831)

M&A Navigator

January 31, 2018 Wednesday

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**Length:** 4113 words

**Body**

MANAVIGATOR-January 31, 2018-M and A Navigator: Deal pipeline -31 January

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GiveGab acquired substantially all assets of Kimbia to advance Giving Day market. GiveGab is a portfolio company of New York, US-based venture capital company Rand Capital Corp.(NASDAQ: RAND).

Status: Closed

-US BEVERAGE FIRM DR PEPPER SNAPPLE, COFFEE SPECIALIST KEURIG TO MERGE IN USD 21BN DEAL

US-based beverage company Dr Pepper Snapple Group, Inc. (NYSE: DPS) and US-based specialty coffee and single serve brewing systems provider Keurig Green Mountain, Inc. have entered into a definitive merger agreement to create Keurig Dr Pepper, the companies said..

Under the terms of the agreement, which has been unanimously approved by the Dr Pepper Snapple board of directors, Dr Pepper Snapple shareholders will receive USD 103.75 per share in a special cash dividend and retain 13% of the combined company. KDP will have pro forma combined 2017 annual revenues of approximately USD 11bn.

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Engie said the divestment is the first step towards an accelerated focus on the company's core capabilities of delivering data-driven insights that help multi-site businesses achieve results while reducing their resource consumption, including energy, water, waste and telecommunications. The transaction is expected to close in 1Q18. Engie Insight's utility solutions business unit delivers demand-side management ***programs*** for residential and commercial customers across more than 50 utility clients.

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During 2017, PHG made acquisitions including The 96-suite TownePlace Suites Gainesville in Fla., The 136-room Aloft Tempe in Ariz., The 135-room Hampton by Hilton Green Bay in Wis., The 123-room Element Denver Park Meadows in Colo. and The 209-room Element Miami International Airport in Fla. The company invested approximately USD 105m in new acquisitions, an increase of nearly USD 30m spent in 2016. The new acquisitions bring the portfolio to a total of 38 hotels year-to-date, encompassing 4,371 rooms.

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A fund managed by Atlanta-based NRD Capital bought US-based restaurant chain Ruby Tuesday. Under the terms of the agreement, NRD acquired all of Ruby Tuesday's common stock for USD 2.40 per share in cash and will assume or retire all debt obligations for a total enterprise value of approximately USD 335m, excluding transaction expense.

Status: Closed

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The board of directors of US-based industrial gas company Praxair, Inc. (NYSE: PX) has postponed the company's 2018 annual meeting of shareholders given Praxair's proposed business combination with Germany's Linde AG under a deal dated as of 1 June 2017, as amended, among Praxair, Linde, Linde plc and certain of their subsidiaries, Praxair said.

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TheKingdom of Saudi Arabia'sGeneral Authority for Competition has approved US-based mining and inorganic chemicals company Tronox Ltd.'s (NYSE: TROX) proposed acquisition of the titanium dioxide business of Saudi chemical and mining firm Cristal, the company said. To date,Australia,China,New Zealand,Turkey,South Korea, andColombiahave also approved the proposed acquisition.

The stumbling block has been the stubborn resistance of the US Federal Trade Commission. Earlier this month, Tronox filed a lawsuit inthe United StatesDistrict Court for the Northern District ofMississippiseeking declaratory and injunctive relief to prevent the US Federal Trade Commission from blocking the company's proposed acquisition of the titanium dioxide business of Saudi chemical and mining firm Cristal.

Status: Agreed

-MARVELL TECHNOLOGY CLEARS US ANTITRUST HURDLE IN ACQUISITION OF CAVIUM

The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, has expired in connection with US-baseddigital storage specialist Marvell Technology Group Ltd.'s (NASDAQ: MRVL) proposed acquisition of California, US -based infrastructure solutions provider Cavium, Inc. (NASDAQ: CAVM), the company said.

Expiration of the HSR Act waiting period satisfies one of the conditions to the closing of the proposed acquisition, which remains subject to other customary closing conditions, including receipt of shareholder approvals and other regulatory approvals. In November 2017, Marvell announced it had agreed to acquire all outstanding shares of Cavium, Inc. for USD 40per share in cash and 2.1757 Marvell common shares for each Cavium share.

Status: Agreed

-EXFO COMPLETES TENDER OFFER FOR ACQUISITION OF REMAINING ASTELLA SHARES

Canada-based manufacturer of test instruments and service assurance products for telecom networks Exfo Inc. (NASDAQ: EXFO) (TSX: EXF) has completed an all-cash voluntary public tender offer to acquire all of the outstanding shares of France-based network and subscriber intelligence provider Astellia, the company said.

Exfo acquired 82.7% of the targeted shares of Astellia, a provider of network and subscriber intelligence, at a price of 10EUR per share. This transaction raised Exfor's ownership to 88.4%. The offer settlement will take place onFebruary 5, 2018. The offer will automatically be re-opened, for 10 trading days, starting earlyFebruary 2018.

Status: Closed

-SEEMAN HOLTZ PROPERTY AND CASUALTY ACQUIRES OKLAHOMA SPECIALTY PROFESSIONAL LIABILITY AGENCY

US-basedfinancial and insurance advisor Seeman HoltzProperty and Casualty, Inc. has acquired Oklahoma, US-based professional liability specialist Fifth Avenue Healthcare Services, the company said.

For over 20 years, Fifth Avenue has curated relationships with various networks, health ***plans***, hospitals, surgery centers, state/federal agencies, and medical malpractice insurance carriers to get the lowest rates and best ***plans*** to their clients.Seeman Holtzcontinues to acquire specialty commercial and professional liability agencies with specific expertise to enhance their portfolio of companies.

Status: Closed

-FILMMAKER DAN MINTZ ACQUIRES LIBRARY OF COMIC BOOK-BASED IP, VALIANT

US-basedfilmmaker and DMG Entertainment founderDan Mintz has, with DMG, acquired Valiant Entertainment, the third largest universe of superhero characters in entertainment, sitting alongside Warner Bros.' DC Comics and Disney's Marvel, Mintz said.

Mintz said he has held a significant stake in Valiant since 2014. By taking complete control of Valiant's library of over 2,000 characters, including X-O Manowar, Bloodshot, Harbinger, Shadowman, Archer and Armstrong, Ninjak, Faith and more, Mintz looks to further secure his filmmaker-run studio with a treasure trove of world-class intellectual properties and establish DMG as one of the most valuable and innovative media companies inHollywood.

Status: Closed

-BURKE PORTER CLOSES ACQUISITION OF TEST STAND AND PRODUCTION ASSEMBLY SYSTEMS FIRM TITAN

US-basedintelligent machinery manufacturer group Burke Porter Group has acquiredtest stand and production assembly systems maker Titan, Inc., the group said.

The acquisition continues the group's accelerated growth and expands their hydraulic testing and assembly equipment offerings globally. Burke Porter Groupserves the global automotive, advanced manufacturing and life science markets, maintaining more than 30 locations inEurope,Asiaand the Americas.

Status: Closed

-DRIVEN ACQUIRES STAFFING PROVIDER UPDATE LEGAL

US-basede-discovery and data management solutions provider Driven, Inc has acquired legal staffing firm Update Legal, the company said.

Update Legal was founded in 1970. The combined company will now be able to offerlaw rms and corporate counsel one provider for software, services, consulting and staffing across the data lifecycle. This includes technology and staffing solutions for information governance, e-discovery, managed services, and managed document review.

Status: Closed

-IMPAQ ACQUIRES TALENT DEVELOPMENT CONSULTING FIRM MAHER AND MAHER

US-basedpublic policy research, evaluation, and ***programme*** implementation company Impaq has acquired talent development firmMaher and Maher, the company said.

Maher and Maher is a consulting firm providing business integration, change management, and training solutions. For thirty years, the company has been advising governments and the private sector in strategies for addressing talent development needs.

Status: Closed

-SALZMANN AG ST GALLEN SELLS COMPRESSION DIVISION TO LOHMANN AND RAUSCHER

Swiss holding company and medical device distributor Salzmann AG St. Gallenis selling its Swiss compression specialistSwisslastic AG St Gallen as well as itsmajority shares in Venosan Brasil, Venosan China and Venosan Canada to German-Austrian medical device supplier Lohmann and Rauscher, the company said.

With this step Salzmann AG St. Gallen is transferring its expertise in the areas of development, production, sales and distribution of compression therapy product solutions to the international L and R Group.

Status: Agreed

-SAFEGUARD SCIENTIFICS PARTNER FIRM SPONGECELL MERGES WITH ADVERTISING TECHNOLOGY SPECIALIST FLASHTALKING

US-basedlife science and IT investor Safeguard Scientifics, Inc.'s(NYSE: SFE) advertising technology partner company Spongecell has merged withNew York City-based online advertising management and data analysis platform Flashtalking, the company said.

The combined company will operate under the Flashtalking brand and offer brands and agencies the technology and scale to deliver impactful, data-driven creative advertising.

Status: Closed

-SAP TO ACQUIRE 'LEAD TO MONEY' SOFTWARE SPECIALIST CALLIDUS IN USD 2.4BN DEAL

German software companySAP SE(NYSE: SAP) SAP America, Inc business has entered into an agreement to acquire US-based cloud-based "lead to money" (quote-to-cash) solutions specialist Callidus Software Inc. (doing business as CallidusCloud) (NASDAQ: CALD), the company said.

The CallidusCloud board of directors has unanimously approved the transaction. The per share purchase price ofUSD 36.00represents a 21% premium over the 30-day volume weighted average price per share and a 28% premium over CallidusCloud's 90-day volume weighted average price per share. This per share price represents an enterprise value of approximatelyUSD 2.4bn.

Status: Agreed

-VARIAN SIGNS AGREEMENT TO ACQUIRE AUSTRALIAN LIFE SCIENCES FIRM SIRTEX FOR AUD 1.585BN

US-basedcancer care solutions developer Varian Medical Systems (NYSE: VAR) has signed an agreement to acquire all the outstanding shares of Australia-based global life sciences firm Sirtex Medical Ltd. (ASX: SRX) forAUD 28per share in cash, the company said.

Sirtex is focused on interventional oncology therapies. On a fully diluted basis, this represents a total equity purchase price for the acquisition of approximatelyAUD 1.585bn(approximatelyUSD 1.283bn).

Status: Agreed

-STERLITE POWER ACQUIRES 28.4% STAKE IN ITS TRANSMISSION INFRASTRUCTURE BUSINESS FROM STANDARD CHARTERED FOR INR 1,010 CRORE

Indian power transmission infrastructure developer Sterlite Power has acquired the 28.4% stake in its transmission infrastructure business held by Standard Chartered Private Equity, the company said.

Sterlite Power paid INR 1,010 Crore (USD 151.8m) for the stake. With this acquisition, Sterlite Power holds 100% stake in the business. Sterlite Power had attracted an investment of INR 500 Cr in 2014 from SCPE which was the first private foreign investment in the Indian transmission sector.

Status: Closed

-FAIR TO ACQUIRE LEASING PORTFOLIO FROM UBER'S XCHANGE LEASING UNIT

US-based auto leasing startup Fair and US-based taxi technology company Uber have forged a new partnership that to provide drivers in the US with flexible and long-term access to vehiclesthrough Fair, the companies said.

Concurrently, Fair will be acquiring the active lease portfolio of Uber's subsidiary Xchange Leasing, which includes existing lease contracts and vehicles. Terms were not disclosed. However, TechCrunch - citing its interview with Fair co-founder and CEO Scott Painter and reports- estimates that the book value of Xchange's fleet of 30,000 cars was around USD 400m as of last December.

Status: Agreed

-RETAILER PETCO ACQUIRES PET INSURANCE MARKETPLACE

US-based pet products retailer Petco has acquired pet insurance marketplacePetInsuranceQuotes.com, the company said. PetInsuranceQuotes provides pet owners with an efficient way to obtain instant pet insurance quotes and compare coverage options, all while reading reviews and testimonials from major pet insurance companies.

To help pet owners navigate the often confusing world of pet healthcare, the site provides detailed insurance ***plan*** descriptions and comparisons for both dogs and cats, as well as fast facts on how the pet insurance industry operates.

Status: Closed

-UNITE GROUP ACQUIRES LONDON DEVELOPMENT SITE

UK-based student accommodation developer and manager Unite Students (LON: UTG) has exchanged contracts to acquire a new c.1,000 bed development site in London, the company said.

Unite said the acquisition is subject to achieving a ***planning*** consent and is being supported through ***planning*** by Kings College London, with a view to securing a long term nomination agreement. The site is located in Middlesex Street, London E1 and the new building is ***planned*** to be completed for the 2021/22 academic year.

Status: Closed

-IRISH CONTINENTAL TO SELL HIGH SPEED CRAFT JONATHAN SWIFT

Dublin-based shipping and transport group Irish Continental Group plc (LSE: ICGC) has entered into a memorandum of agreement for the sale of the High Speed Craft "Jonathan Swift" to Balearia Eurolineas Maritimas S.A., the group said.

The agreed consideration of EUR 15.5m (USD 19.29m) less brokers commission is payable in cash on delivery less a 10% deposit to be held in escrow. The vessel is to be delivered by the end of April 2018. The "Jonathan Swift" which was commissioned by and delivered to ICG in 1999 and has since operated on the company's Dublin - Holyhead route.

Status: Agreed

-DUTCH BOTTLER REFRESCO CLOSES ACQUISITION OF COTT'S US, UK BEVERAGE BUSINESS

Dutch drinks bottler Refresco (Euronext: RFRG) has closed the acquisition of the bottling activities of Canadian beverage company Cott (NYSE: COT) (TSX: BCB), the group said.

In combining Refresco's strong European capabilities and Cott's strength in the UK and North America, Refresco almost doubles its production volume to approximately 12bn liters. Refresco now has a footprint of 59 facilities in 12 countries, employing over 9,500 people.

Status: Closed

-NMC HEALTH CLOSES ACQUISITION OF OUTSTANDING MINORITY STAKES IN FAKIH IVF

United Arab Emirates-focused private healthcare provider NMC Health plc (LSE: NMC) has acquired the outstanding 49% minority stake in Fakih IVF, the company said. This deal was announced on 4 January 2018.

As part consideration for the acquisition, a total of 3,533,857 new ordinary shares of 10 pence each fully paid in the company, have been issued by the company. NMC is a private sector healthcare operator in the United Arab Emirates, with a nation-wide network of hospitals and operations in the country since 1975. The group currently operates or manages over 40 assets across 11 countries. NMC is also ranked as one of the top 3 in-vitro fertilisation operators globally.

Status: Closed

-IRISH HOMEBUILDER GLENVEAGH PROPERTIES ACQUIRES ADDITIONAL SITES IN DUBLIN

Irish housebuilder Glenveagh Properties plc (LSE: GLV) has exchanged contracts to acquire a development site at Citywest Road, Dublin 24, the company said. The site can deliver 195 residential units, subject to ***planning***, and is strategically located in close proximity to the Fortunestown Luas stop and to Citywest Shopping Centre.

Glenveagh has also signed an unconditional legal contract to acquire a major site in Hollystown, Dublin 15. The 162-acre site is occupied by Hollystown Golf Club who will continue on a business as usual basis, with 19 acres on the site zoned for residential development and the remainder zoned as open space.

Status: Agreed

-GREENCORE GROUP TO SELL CAKES AND DESSERTS BUSINESS TO BRIGHT BLUE FOODS

Irish convenience food business Greencore Group plc (LSE: GNC) has reached an agreement to sell its cakes and desserts business in Hull to UK-based ambient cake manufacturer Bright Blue Foods Ltd, the company said.

This sale, together with the announced closure of the desserts facility in Evercreech, marks Greencore's exit from the UK cakes and desserts sector. Greencore is an international ***producer*** of convenience foods with operations in the UK and the US. Headquartered in Dublin, it employs approximately 16,000 people in 31 manufacturing facilities across the UK and the US.

Status: Agreed

-ENTERTAINMENT ONE ACQUIRES BALANCE OF THE MARK GORDON COMPANY

UK-based entertainment company Entertainment One Ltd (eOne)'s (LON: ETO) Earl Street Capital, Inc subsidiary has agreed to acquire remaining 49% minority ofDeluxe Pictures d/b/a The Mark Gordon Company, the group said.

Under the deal, Earl Street Capital has entered into a conditional share purchase agreement to acquire the balance of the equity interests of MGC not already held by eOne from The Mark R. Gordon Revocable Trust for an aggregate consideration of USD 209m.

Status: Agreed

-BRAVATEK CLOSES ACQUISITION OF TELECOMMUNICATION CONSULTING SERVICES PROVIDER HELPCOMM

US-based security solutions portfolio provider Bravatek Solutions, Inc. (OTC: BVTK) has closed its acquisition of US-based HelpComm, Inc. of Manassas, Virginia, the company said. Helpcomm specialises in telecommunication, land development consulting, environmental services, generators, bond release coordination, and electrical services.

The company previously reported it had signed a definitive agreement to acquire HelpComm. Bravatek previously said the HelpComm agreement is expected to generate no less than USD 6.5m in purchase orders within the next twelve months.

Status: Closed

-ITAFOS CLOSES USD 110M ACQUISITION OF CONDA PHOSPHATE OPERATIONS FROM AGRIUM

Caymen Islands-based phosphate ***producer*** Itafos (TSX Venture: IFOS) has closed the acquisition of Idaho, US-based Conda Phosphate Operations from Canada-based ***agricultural*** products and services provider Agrium Inc. (TSX: AGU) (NYSE: AGU) for USD 100m, the company said.

The transaction was conducted on a cash and debt-free basis. The transaction agreement includes long-term ***strategic*** supply and off-take agreements. Under the terms of the definitive arm's length purchase agreement, Agrium will supply 100% of the ammonia requirements of Conda Phosphate Operations and purchase 100% of MAP product ***produced***, with pricing formulas for both tied to benchmark phosphate fertiliser prices.

Status: Closed

-OIL STATES CLOSES ACQUISITION OF GEODYNAMICS FOR USD 615M IN CASH/STOCK DEAL

Texas, US-based oil and gas services provider Oil States International, Inc. (NYSE: OIS) has closed the acquisition ofTexas-based oil and gas perforation systems GEODynamics, Inc., the company said.

The acquisition was funded with a combination of USD 295m of cash (net of estimated cash acquired and funded by borrowings under Oil States' amended revolving credit facility), the issuance of 8.66m shares of Oil States' common stock (valued at approximately USD 295m based on Oil States' share price at closing), a USD 25m unsecured promissory note payable to the sellers, bearing interest at 2.5% per annum maturing in July 2019, and other closing adjustments, for total consideration of approximately USD 615m.

Status: Closed

-ISODIOL INTERNATIONAL TO ACQUIRE 100% OF GREEN ISLAND NATURALS

Canadianpharmaceutical and wellness products developer Isodiol International Inc.(CSE: ISOL) (OTC: ISOLF) (FSE: LB6A.F)has signed a letter of intent to acquire 100% of the CBD assets of Canadian hemp extract products formulator Green Island Naturals, the company said.

Green Island Naturals is a formulator, marketer and seller of a proprietary line of hemp extract products that are distributed in retail and online channels in Canada. By combining science with a deep understanding of traditional plant based medicines, Green Island Naturals ***produces*** products designed to improve and diversify treatment options for the consumers.

Status: Agreed

-LANDMARK INFRASTRUCTURE PARTNERS AGREES TO ACQUIRE 127 ASSETS IN 32 STATES FOR USD 60M

US-based infrastructure and real estate owner and manager Landmark Infrastructure Partners LP (NASDAQ: LMRK) has signed an agreement to acquire 127 assets located in 32 states from Landmark Dividend Growth Fund H LLC, an affiliate of the partnership's sponsor, Landmark Dividend LLC, the partnership said.

Total consideration is USD 60.2m, consisting of up to 1.5m common units representing limited partner interests in the partnership valued up to USD 28m, and the remaining consideration in cash. This acquisition is expected to be immediately accretive to the partnership's distributable cash flow, and is anticipated to close on or about January 18, 2018.

Status: Agreed

-RETAIL MERCHANDISING SPECIALIST SPAR GROUP MAKES US ACQUISITIONS

US-based merchandising and marketing services company Spar Group, Inc. (NASDAQ: SGRP) is expanding its domestic business by acquiring a 51% interest in US-based fixture installation and product merchandising services provider Resource Plus, Inc., a 51% interest in retail fixture mobilisation system manufacturer Mobex of North Florida, Inc and a 51% interest in Leasex, LLC, the company said.

Leasex is a company formed to lease Mobex's proprietary equipment. Headquartered in Jacksonville, Florida, Resource Plus provides a range of services to US retailers and product manufacturers including customised weekly merchandising and complex new store and retail fixture buildouts.

Status: Agreed

-VENANPRI TOOLS ACQUIRES UK GARDENING, ***AGRICULTURAL*** PRODUCTS MAKER BURGON AND BALL

Canadian tool and ***agricultural*** solutions provider Venanpri Group's Venanpri Tools hand tools division has acquired UK-based gardening, ***agricultural*** and giftware products manufacturer Burgon and Ball Ltd., the group said.

Headquartered in Sheffield, England where it can trace its roots back to 1730 and supported by a sales and marketing office in Poole, Dorset, Burgon and Ball's products are primarily sold through garden centres and other fine retailers in the UK, Europe and other countries around the world.

Status: Closed

**Load-Date:** January 31, 2018

**End of Document**



[***M and A Navigator: Deal pipeline ""31 January***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJ6-12M1-F0K1-N511-00000-00&context=1516831)

FinancialWire

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The stumbling block has been the stubborn resistance of the US Federal Trade Commission. Earlier this month, Tronox filed a lawsuit in the United States District Court for the Northern District of Mississippi seeking declaratory and injunctive relief to prevent the US Federal Trade Commission from blocking the company's proposed acquisition of the titanium dioxide business of Saudi chemical and mining firm Cristal.

Status: Agreed

-MARVELL TECHNOLOGY CLEARS US ANTITRUST HURDLE IN ACQUISITION OF CAVIUM

The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, has expired in connection with US-based digital storage specialist Marvell Technology Group Ltd.'s (NASDAQ: MRVL) proposed acquisition of California, US -based infrastructure solutions provider Cavium, Inc. (NASDAQ: CAVM), the company said.

Expiration of the HSR Act waiting period satisfies one of the conditions to the closing of the proposed acquisition, which remains subject to other customary closing conditions, including receipt of shareholder approvals and other regulatory approvals. In November 2017, Marvell announced it had agreed to acquire all outstanding shares of Cavium, Inc. for USD 40 per share in cash and 2.1757 Marvell common shares for each Cavium share.

Status: Agreed

-EXFO COMPLETES TENDER OFFER FOR ACQUISITION OF REMAINING ASTELLA SHARES

Canada-based manufacturer of test instruments and service assurance products for telecom networks Exfo Inc. (NASDAQ: EXFO) (TSX: EXF) has completed an all-cash voluntary public tender offer to acquire all of the outstanding shares of France-based network and subscriber intelligence provider Astellia, the company said.

Exfo acquired 82.7% of the targeted shares of Astellia, a provider of network and subscriber intelligence, at a price of 10EUR per share. This transaction raised Exfor's ownership to 88.4%. The offer settlement will take place on February 5, 2018. The offer will automatically be re-opened, for 10 trading days, starting early February 2018.

Status: Closed

-SEEMAN HOLTZ PROPERTY AND CASUALTY ACQUIRES OKLAHOMA SPECIALTY PROFESSIONAL LIABILITY AGENCY

US-based financial and insurance advisor Seeman Holtz Property and Casualty, Inc. has acquired Oklahoma, US-based professional liability specialist Fifth Avenue Healthcare Services, the company said.

For over 20 years, Fifth Avenue has curated relationships with various networks, health ***plans***, hospitals, surgery centers, state/federal agencies, and medical malpractice insurance carriers to get the lowest rates and best ***plans*** to their clients. Seeman Holtz continues to acquire specialty commercial and professional liability agencies with specific expertise to enhance their portfolio of companies.

Status: Closed

-FILMMAKER DAN MINTZ ACQUIRES LIBRARY OF COMIC BOOK-BASED IP, VALIANT

US-based filmmaker and DMG Entertainment founder Dan Mintz has, with DMG, acquired Valiant Entertainment, the third largest universe of superhero characters in entertainment, sitting alongside Warner Bros.' DC Comics and Disney's Marvel, Mintz said.

Mintz said he has held a significant stake in Valiant since 2014. By taking complete control of Valiant's library of over 2,000 characters, including X-O Manowar, Bloodshot, Harbinger, Shadowman, Archer and Armstrong, Ninjak, Faith and more, Mintz looks to further secure his filmmaker-run studio with a treasure trove of world-class intellectual properties and establish DMG as one of the most valuable and innovative media companies in Hollywood.

Status: Closed

-BURKE PORTER CLOSES ACQUISITION OF TEST STAND AND PRODUCTION ASSEMBLY SYSTEMS FIRM TITAN

US-based intelligent machinery manufacturer group Burke Porter Group has acquired test stand and production assembly systems maker Titan, Inc., the group said.

The acquisition continues the group's accelerated growth and expands their hydraulic testing and assembly equipment offerings globally. Burke Porter Group serves the global automotive, advanced manufacturing and life science markets, maintaining more than 30 locations in Europe, Asia and the Americas.

Status: Closed

-DRIVEN ACQUIRES STAFFING PROVIDER UPDATE LEGAL

US-based e-discovery and data management solutions provider Driven, Inc has acquired legal staffing firm Update Legal, the company said.

Update Legal was founded in 1970. The combined company will now be able to offer law firms and corporate counsel one provider for software, services, consulting and staffing across the data lifecycle. This includes technology and staffing solutions for information governance, e-discovery, managed services, and managed document review.

Status: Closed

-IMPAQ ACQUIRES TALENT DEVELOPMENT CONSULTING FIRM MAHER AND MAHER

US-based public policy research, evaluation, and ***programme*** implementation company Impaq has acquired talent development firm Maher and Maher, the company said.

Maher and Maher is a consulting firm providing business integration, change management, and training solutions. For thirty years, the company has been advising governments and the private sector in strategies for addressing talent development needs.

Status: Closed

-SALZMANN AG ST GALLEN SELLS COMPRESSION DIVISION TO LOHMANN AND RAUSCHER

Swiss holding company and medical device distributor Salzmann AG St. Gallen is selling its Swiss compression specialist Swisslastic AG St Gallen as well as its majority shares in Venosan Brasil, Venosan China and Venosan Canada to German-Austrian medical device supplier Lohmann and Rauscher, the company said.

With this step Salzmann AG St. Gallen is transferring its expertise in the areas of development, production, sales and distribution of compression therapy product solutions to the international L and R Group.

Status: Agreed

-SAFEGUARD SCIENTIFICS PARTNER FIRM SPONGECELL MERGES WITH ADVERTISING TECHNOLOGY SPECIALIST FLASHTALKING

US-based life science and IT investor Safeguard Scientifics, Inc.'s (NYSE: SFE) advertising technology partner company Spongecell has merged with New York City-based online advertising management and data analysis platform Flashtalking, the company said.

The combined company will operate under the Flashtalking brand and offer brands and agencies the technology and scale to deliver impactful, data-driven creative advertising.

Status: Closed

-SAP TO ACQUIRE 'LEAD TO MONEY' SOFTWARE SPECIALIST CALLIDUS IN USD 2.4BN DEAL

German software company SAP SE (NYSE: SAP) SAP America, Inc business has entered into an agreement to acquire US-based cloud-based "lead to money" (quote-to-cash) solutions specialist Callidus Software Inc. (doing business as CallidusCloud) (NASDAQ: CALD), the company said.

The CallidusCloud board of directors has unanimously approved the transaction. The per share purchase price of USD 36.00 represents a 21% premium over the 30-day volume weighted average price per share and a 28% premium over CallidusCloud's 90-day volume weighted average price per share. This per share price represents an enterprise value of approximately USD 2.4bn.

Status: Agreed

-VARIAN SIGNS AGREEMENT TO ACQUIRE AUSTRALIAN LIFE SCIENCES FIRM SIRTEX FOR AUD 1.585BN

US-based cancer care solutions developer Varian Medical Systems (NYSE: VAR) has signed an agreement to acquire all the outstanding shares of Australia-based global life sciences firm Sirtex Medical Ltd. (ASX: SRX) for AUD 28 per share in cash, the company said.

Sirtex is focused on interventional oncology therapies. On a fully diluted basis, this represents a total equity purchase price for the acquisition of approximately AUD 1.585bn (approximately USD 1.283bn).

Status: Agreed

-STERLITE POWER ACQUIRES 28.4% STAKE IN ITS TRANSMISSION INFRASTRUCTURE BUSINESS FROM STANDARD CHARTERED FOR INR 1,010 CRORE

Indian power transmission infrastructure developer Sterlite Power has acquired the 28.4% stake in its transmission infrastructure business held by Standard Chartered Private Equity, the company said.

Sterlite Power paid INR 1,010 Crore (USD 151.8m) for the stake. With this acquisition, Sterlite Power holds 100% stake in the business. Sterlite Power had attracted an investment of INR 500 Cr in 2014 from SCPE which was the first private foreign investment in the Indian transmission sector.

Status: Closed

-FAIR TO ACQUIRE LEASING PORTFOLIO FROM UBER'S XCHANGE LEASING UNIT

US-based auto leasing startup Fair and US-based taxi technology company Uber have forged a new partnership that to provide drivers in the US with flexible and long-term access to vehicles through Fair, the companies said.

Concurrently, Fair will be acquiring the active lease portfolio of Uber's subsidiary Xchange Leasing, which includes existing lease contracts and vehicles. Terms were not disclosed. However, TechCrunch - citing its interview with Fair co-founder and CEO Scott Painter and reports- estimates that the book value of Xchange's fleet of 30,000 cars was around USD 400m as of last December.

Status: Agreed

-RETAILER PETCO ACQUIRES PET INSURANCE MARKETPLACE

US-based pet products retailer Petco has acquired pet insurance marketplace PetInsuranceQuotes.com, the company said. PetInsuranceQuotes provides pet owners with an efficient way to obtain instant pet insurance quotes and compare coverage options, all while reading reviews and testimonials from major pet insurance companies.

To help pet owners navigate the often confusing world of pet healthcare, the site provides detailed insurance ***plan*** descriptions and comparisons for both dogs and cats, as well as fast facts on how the pet insurance industry operates.

Status: Closed

-UNITE GROUP ACQUIRES LONDON DEVELOPMENT SITE

UK-based student accommodation developer and manager Unite Students (LON: UTG) has exchanged contracts to acquire a new c.1,000 bed development site in London, the company said.

Unite said the acquisition is subject to achieving a ***planning*** consent and is being supported through ***planning*** by Kings College London, with a view to securing a long term nomination agreement. The site is located in Middlesex Street, London E1 and the new building is ***planned*** to be completed for the 2021/22 academic year.

Status: Closed

-IRISH CONTINENTAL TO SELL HIGH SPEED CRAFT JONATHAN SWIFT

Dublin-based shipping and transport group Irish Continental Group plc (LSE: ICGC) has entered into a memorandum of agreement for the sale of the High Speed Craft "Jonathan Swift" to Balearia Eurolineas Maritimas S.A., the group said.

The agreed consideration of EUR 15.5m (USD 19.29m) less brokers commission is payable in cash on delivery less a 10% deposit to be held in escrow. The vessel is to be delivered by the end of April 2018. The "Jonathan Swift" which was commissioned by and delivered to ICG in 1999 and has since operated on the company's Dublin - Holyhead route.

Status: Agreed

-DUTCH BOTTLER REFRESCO CLOSES ACQUISITION OF COTT'S US, UK BEVERAGE BUSINESS

Dutch drinks bottler Refresco (Euronext: RFRG) has closed the acquisition of the bottling activities of Canadian beverage company Cott (NYSE: COT) (TSX: BCB), the group said.

In combining Refresco's strong European capabilities and Cott's strength in the UK and North America, Refresco almost doubles its production volume to approximately 12bn liters. Refresco now has a footprint of 59 facilities in 12 countries, employing over 9,500 people.

Status: Closed

-NMC HEALTH CLOSES ACQUISITION OF OUTSTANDING MINORITY STAKES IN FAKIH IVF

United Arab Emirates-focused private healthcare provider NMC Health plc (LSE: NMC) has acquired the outstanding 49% minority stake in Fakih IVF, the company said. This deal was announced on 4 January 2018.

As part consideration for the acquisition, a total of 3,533,857 new ordinary shares of 10 pence each fully paid in the company, have been issued by the company. NMC is a private sector healthcare operator in the United Arab Emirates, with a nation-wide network of hospitals and operations in the country since 1975. The group currently operates or manages over 40 assets across 11 countries. NMC is also ranked as one of the top 3 in-vitro fertilisation operators globally.

Status: Closed

-IRISH HOMEBUILDER GLENVEAGH PROPERTIES ACQUIRES ADDITIONAL SITES IN DUBLIN

Irish housebuilder Glenveagh Properties plc (LSE: GLV) has exchanged contracts to acquire a development site at Citywest Road, Dublin 24, the company said. The site can deliver 195 residential units, subject to ***planning***, and is strategically located in close proximity to the Fortunestown Luas stop and to Citywest Shopping Centre.

Glenveagh has also signed an unconditional legal contract to acquire a major site in Hollystown, Dublin 15. The 162-acre site is occupied by Hollystown Golf Club who will continue on a business as usual basis, with 19 acres on the site zoned for residential development and the remainder zoned as open space.

Status: Agreed

-GREENCORE GROUP TO SELL CAKES AND DESSERTS BUSINESS TO BRIGHT BLUE FOODS

Irish convenience food business Greencore Group plc (LSE: GNC) has reached an agreement to sell its cakes and desserts business in Hull to UK-based ambient cake manufacturer Bright Blue Foods Ltd, the company said.

This sale, together with the announced closure of the desserts facility in Evercreech, marks Greencore's exit from the UK cakes and desserts sector. Greencore is an international ***producer*** of convenience foods with operations in the UK and the US. Headquartered in Dublin, it employs approximately 16,000 people in 31 manufacturing facilities across the UK and the US.

Status: Agreed

-ENTERTAINMENT ONE ACQUIRES BALANCE OF THE MARK GORDON COMPANY

UK-based entertainment company Entertainment One Ltd (eOne)'s (LON: ETO) Earl Street Capital, Inc subsidiary has agreed to acquire remaining 49% minority of Deluxe Pictures d/b/a The Mark Gordon Company, the group said.

Under the deal, Earl Street Capital has entered into a conditional share purchase agreement to acquire the balance of the equity interests of MGC not already held by eOne from The Mark R. Gordon Revocable Trust for an aggregate consideration of USD 209m.

Status: Agreed

-BRAVATEK CLOSES ACQUISITION OF TELECOMMUNICATION CONSULTING SERVICES PROVIDER HELPCOMM

US-based security solutions portfolio provider Bravatek Solutions, Inc. (OTC: BVTK) has closed its acquisition of US-based HelpComm, Inc. of Manassas, Virginia, the company said. Helpcomm specialises in telecommunication, land development consulting, environmental services, generators, bond release coordination, and electrical services.

The company previously reported it had signed a definitive agreement to acquire HelpComm. Bravatek previously said the HelpComm agreement is expected to generate no less than USD 6.5m in purchase orders within the next twelve months.

Status: Closed

-ITAFOS CLOSES USD 110M ACQUISITION OF CONDA PHOSPHATE OPERATIONS FROM AGRIUM

Caymen Islands-based phosphate ***producer*** Itafos (TSX Venture: IFOS) has closed the acquisition of Idaho, US-based Conda Phosphate Operations from Canada-based ***agricultural*** products and services provider Agrium Inc. (TSX: AGU) (NYSE: AGU) for USD 100m, the company said.

The transaction was conducted on a cash and debt-free basis. The transaction agreement includes long-term ***strategic*** supply and off-take agreements. Under the terms of the definitive arm's length purchase agreement, Agrium will supply 100% of the ammonia requirements of Conda Phosphate Operations and purchase 100% of MAP product ***produced***, with pricing formulas for both tied to benchmark phosphate fertiliser prices.

Status: Closed

-OIL STATES CLOSES ACQUISITION OF GEODYNAMICS FOR USD 615M IN CASH/STOCK DEAL

Texas, US-based oil and gas services provider Oil States International, Inc. (NYSE: OIS) has closed the acquisition of Texas-based oil and gas perforation systems GEODynamics, Inc., the company said.

The acquisition was funded with a combination of USD 295m of cash (net of estimated cash acquired and funded by borrowings under Oil States' amended revolving credit facility), the issuance of 8.66m shares of Oil States' common stock (valued at approximately USD 295m based on Oil States' share price at closing), a USD 25m unsecured promissory note payable to the sellers, bearing interest at 2.5% per annum maturing in July 2019, and other closing adjustments, for total consideration of approximately USD 615m.

Status: Closed

-ISODIOL INTERNATIONAL TO ACQUIRE 100% OF GREEN ISLAND NATURALS

Canadian pharmaceutical and wellness products developer Isodiol International Inc. (CSE: ISOL) (OTC: ISOLF) (FSE: LB6A.F) has signed a letter of intent to acquire 100% of the CBD assets of Canadian hemp extract products formulator Green Island Naturals, the company said.

Green Island Naturals is a formulator, marketer and seller of a proprietary line of hemp extract products that are distributed in retail and online channels in Canada. By combining science with a deep understanding of traditional plant based medicines, Green Island Naturals ***produces*** products designed to improve and diversify treatment options for the consumers.

Status: Agreed

-LANDMARK INFRASTRUCTURE PARTNERS AGREES TO ACQUIRE 127 ASSETS IN 32 STATES FOR USD 60M

US-based infrastructure and real estate owner and manager Landmark Infrastructure Partners LP (NASDAQ: LMRK) has signed an agreement to acquire 127 assets located in 32 states from Landmark Dividend Growth Fund H LLC, an affiliate of the partnership's sponsor, Landmark Dividend LLC, the partnership said.

Total consideration is USD 60.2m, consisting of up to 1.5m common units representing limited partner interests in the partnership valued up to USD 28m, and the remaining consideration in cash. This acquisition is expected to be immediately accretive to the partnership's distributable cash flow, and is anticipated to close on or about January 18, 2018.

Status: Agreed

-RETAIL MERCHANDISING SPECIALIST SPAR GROUP MAKES US ACQUISITIONS

US-based merchandising and marketing services company Spar Group, Inc. (NASDAQ: SGRP) is expanding its domestic business by acquiring a 51% interest in US-based fixture installation and product merchandising services provider Resource Plus, Inc., a 51% interest in retail fixture mobilisation system manufacturer Mobex of North Florida, Inc and a 51% interest in Leasex, LLC, the company said.

Leasex is a company formed to lease Mobex's proprietary equipment. Headquartered in Jacksonville, Florida, Resource Plus provides a range of services to US retailers and product manufacturers including customised weekly merchandising and complex new store and retail fixture buildouts.

Status: Agreed

-VENANPRI TOOLS ACQUIRES UK GARDENING, ***AGRICULTURAL*** PRODUCTS MAKER BURGON AND BALL

Canadian tool and ***agricultural*** solutions provider Venanpri Group's Venanpri Tools hand tools division has acquired UK-based gardening, ***agricultural*** and giftware products manufacturer Burgon and Ball Ltd., the group said.

Headquartered in Sheffield, England where it can trace its roots back to 1730 and supported by a sales and marketing office in Poole, Dorset, Burgon and Ball's products are primarily sold through garden centres and other fine retailers in the UK, Europe and other countries around the world.

Status: Closed

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[***AI for Earth can be a game-changer for our planet, says Microsoft President Brad Smith***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R59-3591-JB72-11YM-00000-00&context=1516831)

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**Body**

 On Monday, Microsoft Corp. President Brad Smith announced a $50 million commitment, over the next five years, to put artificial intelligence in the hands of individuals and organizations around the world who are working to protect our planet through a major expansion of the company'sAI for Earthprogram. The news was disclosed on Microsoft's On the Issues blog; full text below:

On the two-year anniversary of the Paris climate accord, the world's government, civic and business leaders are coming together in Paris to discuss one of the most important issues and opportunities of our time, climate change. I'm excited to lead the Microsoft delegation at these meetings. While the experts' warnings are dire, at Microsoft we believe technology advances can help us better understand and address the environmental issues facing our planet. That's why we're announcing in Paris that we are broadening our AI for Earth ***program*** with an expanded ***strategic*** ***plan*** and committing $50 million over the next five years to put artificial intelligence technology in the hands of individuals and organizations around the world who are working to protect our planet.

At Microsoft, we believe artificial intelligence is a game changer. Our approach as a company is focused on democratizing AI so its features and capabilities can be put to use by individuals and organizations around the world to improve real-world outcomes. There are few societal areas where AI can be more impactful than in helping address the urgent work needed to monitor, model and manage the earth's natural systems.

Data can help tell us about the health of our planet, including the conditions of our air, water, land and the well-being of our wildlife. But we need technology's help to capture this vast amount of data and convert it into actionable intelligence. AI can be trained to classify raw data from sensors on the ground, in the sky or in space into categories that both humans and computers understand. Fundamentally, AI can accelerate our ability to observe environmental systems and how they are changing at a global scale, convert the data into useful information and apply that information to take concrete steps to better manage our natural resources.

Already, we are seeing the transformative potential of AI. In the energy sector, companies like Agder Energi, a utility in Norway that ***produces*** renewable energy, are using Microsoft's cloud and AI to better capture, analyze and act on the intelligence gathered across its electrical grid. Through these technologies, Agder is now able to predict and prepare for vacillating energy needs in response to changes in demand as electric vehicles increasingly tax Norway's grid; data and AI have enhanced the performance of existing infrastructure, reducing the need for expensive new projects. AI is helping create a more effective, reliable and autonomous grid, while enabling customers and the country to consume more renewable energy as it transitions to a more electricity-based future.

In a similar way, we're seeing new AI and cloud technologies being used to improve the electrical efficiency of buildings. In Singapore, JTC, responsible for the development of the nation's industrial infrastructure, has centralized its operations on the Microsoft Cloud to monitor, analyze and optimize 39 of its buildings. Using sensor data and analytics, JTC can now identity and rectify faults before breakdowns occur, resulting in a 15 percent drop in energy cost avoidance in the first three buildings.

It's worth imagining what these types of steps can mean if we can help bring them to scale globally. Estimates suggest that in the United States, buildings are responsible for about 40 percent of total energy consumption. That means an efficiency improvement of even 15 percent in buildings globally would translate into a 6 percent reduction in global energy consumption. And as AI continues to advance, we have the opportunity to learn more and aim even higher.

We're seeing a similar cause for optimism when we see how AI is being used in ***agriculture***. In Australia, high labor and import costs, dry weather and the highest variability in climate of any country in the world make farming increasingly challenging. The Yield, a Tasmanian ag-tech company, has created a solution that uses sensors, analytics and apps to ***produce*** real-time weather data, right down to field level, helping growers make smarter decisions that can reduce their use of water and other inputs while also increasing their yield. In the sea, the Yield is working with local oyster farmers to create the first product to increase aquaculture production using machine learning. The solution already has reduced harvest closures caused by rain by 30 percent, giving growers back four weeks a year of harvest time.

It's these kind of results that motivated us to step up our ambition when it comes to AI for Earth. As we look to the future, we're committed to working with farmers around the world. We envision a future with broadband connectivity for every farm and internet sensors for every acre of land. Building on cutting edge-work in Microsoft Research, we'll help farmers put AI to work not only to better analyze soil and rainfall conditions, but also to use predictive analytics to improve ***agricultural*** yields and reduce adverse environmental impacts. With the world's population continuing to grow, these changes cannot come fast enough.

At Microsoft, we believe AI for Earth will be a force multiplier for groups and individuals like these who are creating sustainable solutions. That's why we're not just putting more resources into this effort, but also coupling this with a long-term commitment to applying AI to grow and scale in four key areas - climate, water, ***agriculture*** and biodiversity.

We'll do this in three ways. First, we'll expand seed grants around the world to create and test new AI applications. Since our launch of AI for Earth six months ago, Microsoft has awarded over 35 grants in more than 10 countries for access to Microsoft Azure and AI technology. We will also provide universities, nongovernmental organizations and others with advanced training to put AI to its best use. Already, we're seeing success around the world in projects that are putting AI to work on climate, water, ***agriculture*** and biodiversity.

Next, as these projects and our work in this area matures, we will identify the projects that show the most promise and make larger investments to help bring them to scale. We'll do this not only by providing greater resources for these projects, but also by partnering closely and working in depth with a new multi-disciplinary team at Microsoft that will bring together AI and sustainability subject matter experts. As we help groups scale promising AI technology solutions, we'll help them commercialize these services, so they can have a global impact as quickly and broadly as possible. These will be in addition to our existing efforts: enabling real-time precision conservation and improving land cover mapping, precision ***agriculture*** to increase yield with fewer resources with FarmBeats and more efficient, effective biodiversity tracking and protection approaches through Project Premonition.

Finally, as these projects advance, we'll identify and pursue opportunities to incorporate new AI advances into platform-level services so that others can use them for their own sustainability initiatives. Some of this will involve platform services that will be offered by others. In other instances, these may be incorporated into Microsoft's own platform services.

We face a collective need for urgent action to address global climate issues. When we think about the environmental issues we face today, science tells us that many are the product of previous Industrial Revolutions. As we enter the world's Fourth Industrial Revolution, a technology-fueled transformation, we must not only move technology forward, but also use this era's technology to clean up the past and create a better future.

Logo:[*http://mma.prnewswire.com/media/24227/microsoft\_corp\_logo226\_9217jpg.jpg*](http://mma.prnewswire.com/media/24227/microsoft_corp_logo226_9217jpg.jpg)

CONTACT: Microsoft Media Relations, WE Communications, (425) 638-7777, [*rrt@we-worldwide.com*](mailto:rrt@we-worldwide.com); Note to editors: For more information, news and perspectives from Microsoft, please visit the Microsoft News Center at [*http://news.microsoft.com*](http://news.microsoft.com). Web links, telephone numbers and titles were correct at time of publication, but may have changed. For additional assistance, journalists and analysts may Microsoft's Rapid Response Team or other appropriate listed at   [*http://news.microsoft.com/microsoft-public-relations-*](http://news.microsoft.com/microsoft-public-relations-).

**Load-Date:** December 11, 2017

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[***Struggling for democracy: Paulo Freire and transforming society through education***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BNK-7DJ1-DY41-733T-00000-00&context=1516831)

Policy Futures in Education

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**Body**

**ABSTRACT**

An exploration is presented of how education policy and practice may be used to transform society. Specifically, connections are made between Paulo Freire's teaching strategies and radically democratic organizing. The connections are contextualized within the prefigurative tradition, which explores how the democratic process is central to consistent and sustainable social change. The article contributes to an understanding of Paulo Freire's ontology, and the philosophy of social change, as well as how democratic strategies may address failures of revolutionary movements of the 19th and 20th centuries.

**FULL TEXT**

Historians such as Howard Zinn have described the persistent problem of social inequality throughout American (US) history (Zinn, 2005). Whether inequality is defined economically or socially, groups of people have often found themselves blocked from social resources, shunned or killed in all historical epochs. Broadly, when access to social and political resources is affected by perceived social qualities, the resulting social order is unequal. Historically, discrimination has affected a wide spectrum of people based on social qualities such as their religion, race, class, gender, or perceived disability.

While critics of the existing order tend to agree that the system needs to be changed, a major obstacle still exists: *how* to bring about the change. Boggs (1977) considered the question through a historical lens, exploring failed revolutionary movements in the 19th and 20th centuries. Chomsky (2013) engaged in a similar project and, like Boggs (1977), argued that many of these revolutions have failed due to their lack of democratic engagement; or, in other words, the reliance on top-down leadership structures with authoritarian tendencies. Both authors explain that the means of social transformation should be commensurate with the ends, such that if a democratic outcome is desired then democratic policies/tactics should be used. The framework for which they argue may be located within the broader prefigurative tradition, which challenges many traditional strategies and assumptions about revolutionary organization (Breines, 1989).

The issue of social inequality is of particular importance to educators because education is traditionally held as one of the primary means of upward mobility (Mishel et al., 2012). However, according to a thorough study by the Economic Policy Institute, social mobility in the United States has remained relatively static since the 1970s, in spite of generally higher levels of education (Mishel et al., 2012). Furthermore, race, gender and ethnicity are not neutral and still affect upward mobility, which suggests that US society does not reflect an equal society (Mishel et al., 2012).

The present article will present an exploration of social transformation and combatting social inequality through education reform and practices. To contextualize the discussion, education's connection with social change movements and the concept democracy will be briefly explored. First, there is a consideration of the history and ontology of the prefigurative tradition. This is followed by an explanation of the Freirean approach to pedagogy, which will serve to illustrate how an alternative educational philosophy can move from theory into action. Finally, I will explore the connections between Freirean pedagogy and the prefigurative tradition as well as the overall contribution to the social change literature. The article will address several larger topics: a framework for Freire's understanding of the mechanism for social change and understanding Freire's work in relation to the prefigurative tradition; and, finally, an argument will be offered for the consideration of deeply democratic practices/theory as a framework for social transformation.

**Transforming society: education and democracy**

Two major themes will be explored here: the education system and radical approaches to social transformation; and democracy. The discussion of the education system will serve to illustrate how radical traditions have manifested themselves in education practices and contextualize how Freire's approach to education is connected to broader social change movements. The democracy section will briefly explore the concept of democracy in order to distinguish more radical approaches to democratic reform from approaches associated with contemporary liberal democracies.

**Social change and education**

McLaren (2003) helps contextualize the social atmosphere of schooling, at a time of diminishing democratic values and the ever-expanding, market-based ideals of neoliberalism, complicated with the influx of conservative moral principles. Coulson (2011) adds that contemporary debates about market-driven schools focus on global competition in the job market, and the creation of a competitive culture. McLaren explains that neoliberalism frames schooling in corporate terminology, which facilitates the formation of schools after the business model and ‘encourages students to succeed in the tough competitive world of existing social forms’ (McLaren, 2003: 187) where academic success is defined ‘almost exclusively in terms of capital accumulation and the logic of the marketplace’ (McLaren, 2003: 34). Furthermore, the framework affects education policy, characterized by ‘the rush toward accountability schemes, corporate management pedagogies, and state mandated curricula’ (McLaren, 2003: 34). Furthermore, McLaren (2003) noted the challenge posed by the increasingly normalized values of the New-Right which encourage fundamentalist religious views and reactionary ideologies. Taken together, all of these social factors affect pedagogy, encouraging ‘efficiency-smart and conservative-minded discourse’ (McLaren, 2003: 34).

Consequently, critics of US education argue that the contemporary system may actually make inequality *worse* (Bowles and Gintis, 2008). Theorists from the school of critical pedagogy suggest that schooling reproduces unequal social structures, through: (i) inequitable school funding; (ii) standardized testing; and (iii) even the power dynamics in the classroom itself (Chege, 2009; Freire, 2004; Kozol, 1991; Liasidou, 2012; Pappas and Tremblay, 2010). Critical educators focus on classroom dynamics – generally the relationship between teachers and students – because they observe that when the educator adopts an authoritarian identity in the classroom an inequitable society tends to result (Freire, 2004).

However, while critics of education emphasize its shortcomings and pitfalls, they are quick to point out its potential to challenge oppression (Elias, 1976). Critical pedagogues have suggested how education can potentially transform society (Freire, 2004; Leonardo, 2003; McLaren, 2003). Elias (1976) argued that both Freire and Illich focused on education because they saw it as integral to the process of socialization; and John Dewey (2008) stressed the importance of education to creating and maintaining democracy.

One of the key aspects of radical reform that the critics identify is the institution's role in maintaining ideology, or sets of principles and social mores that tend to perpetuate the status quo. Louis Althusser, a foundational figure in critical theory, suggested that schooling was among a central set of social institutions that promote the dominant ideology (Althusser, 2008). Following Althusser, critical educators have sought, in part, to address dominant ideology in education. It can be argued that Paulo Freire, one of the foundational figures in critical pedagogy, considered ‘conscientization’, or the realization of individual agency through collective work, as an integral piece to revealing and counteracting oppressive ideology.

**Social change and democracy**

Democracy is a political philosophy that has occupied various ideological spaces throughout modern history. In some of its earliest roots in Western society, the Greeks linked democracy to rule by the *demos*, or rule by the people (Critchley, 2001). However, what ‘rule by the people’ looks like, or how it is operationalized, has been a topic of contention for philosophers and activists alike (Critchley, 2001; Harnecker, 2015; Niemi, 2011). Some argue that the general population lacks the ability or skill to rule, indicating that there must remain a minimal level of expert technocrats to manage governance – which suggests that contemporary liberal society is too complicated for the general populace (Critchley, 2001; Harnecker, 2015). A more fundamental question than technical applications of democracy, however, is what constitutes a democratic system.

Many contemporary theorists define democratic societies in terms of procedure, essentially linking democracy with the political procedure of voting and election of representatives (Critchley, 2001). However, critics argue that linking democracy to political procedure alone obscures other important aspects, including social and economic, of a holistic democratic life (Niemi, 2011). Critics of procedural democracy argue that the framework is closely associated with liberal philosophy and falls short of true democracy because it undermines freedom and contributes to alienation caused by the capitalist system (Critchley, 2001; Niemi, 2011).

Critics of procedural democracy also argue that capitalism and democracy are essentially incompatible (Critchley, 2001). This arises from prioritizing the relational aspect of democracy where individuals are equitably associated politically, socially and economically in a collective construction of human life (Niemi, 2011). These advocates draw heavily from Marxist theory with regard to the project of humanity being the ongoing creation of a complete self, reconciling the political, social and economic aspects of the individual. These aspects are a part of the dialectical process of raising critical consciousness of civic and political structures, which contributes to the simultaneous development of the individual.

Critchley (2001) discussed the ontological self relationally, as opposed to individualistically, in the context of humans as social beings where the self is never developed in isolation but, rather, in collaboration. The process of developing the self is an integral piece to overcoming the ever-expanding alienation experienced in capitalist societies where the individual is isolated from others, this isolation limiting their development as complete political and social beings. Consequently, capitalist alienation runs counter to democratic development.

As a response to procedural democracy, direct democracy is sometimes described as being a utopian dream that could not address complicated national or international political structures (Critchley, 2001; Harnecker, 2015). The critique is linked with the assertion that non-professional citizens would be unable to make sense of the complex economic and political systems that interconnect a globalized structure (Critchley, 2001). Increasingly, these global structures become more bureaucratized and complex as roles become more specialized, with the consequence of making the pool of experts limited. Furthermore, the state is often characterized as a ‘necessary evil’ and its elected representatives are viewed as integral components that protect individual rights (Critchley, 2001).

However, proponents of direct democracy argue that such interpretations of the role of the state are based on uncritical acceptance of capitalism and the pursuant liberal ideology (Critchley, 2001; Niemi, 2011). Specifically, theorists working in the Marxist tradition see this as a misinterpretation stemming from the institutional separation of the political and social spheres caused by alienating social relationships (Critchley, 2001). The humanizing aspect of the Marxist tradition urges the reconciliation of social, political and economic selves in order to promote equality and freedom (Niemi, 2011). As Harnecker argued, ‘it was pointless to speak of democracy while people continued to die of hunger, while people were homeless, while people were unable to study, while people continued to die at a young age due to lack of medical attention’ (Harnecker, 2015: Chapter 7, Section 2, Paragraph 1). Further, proponents of democracy working within the Marxist tradition argue that true democracy can only be achieved through active individuals working in creative collaboration (Critchley, 2001). Marx argued that true democracy comes about in the process of realizing ‘the essence of socialised man’ (Critchley, 2001: 379).

While developing an argument for Marxist democracy, Peter Critchley (2001) linked Marx's project with the concept of rational freedom. Critchley (2001) explained that rational freedom is rooted in a social rather than an individualistic understanding of humanity; essentially a freedom through, rather than a freedom from, others. Traditionally, in US political history, ‘freedom’ has been understood as autonomy of the individual to act as they please in so far as it does not infringe upon the autonomy of other individuals (Critchley, 2001). However, Critchley (2001) argues that this perspective fails to address the social and historical context of individuals.

Critchley's (2001) argument is derived from the Marxist understanding of human history which characterized human development as a social process developed out of human need. Discussing Marx, Critchley stated that, ‘individuals are creatures of needs’ and ‘the satisfaction of these needs involves praxis in the interaction with nature’ (Critchley, 2001: 594). Harnecker adds, ‘there is a complementary, dialectical relationship between the individual being and the social being that makes it impossible to establish a separation between the individual character and social surroundings of a human being’ (Harnecker, 2015: Chapter 6, Section 3, Paragraph 1). Thus, ‘the point of democracy was to make “the state” an instrument of human purpose, subordinated to human needs, a self-conscious expression of human social qualities and their creative realization’ (Critchley, 2001: 399).

Marxist proponents of direct democracy argue that liberal critique of the process stems from the individualistic understanding of freedom, reinforced by the alienating aspects of capitalism. Marx's central critique of capitalism is that it tends to isolate individuals through institutional forces that divide humanity. Critchley discussed Marx's understanding of capitalism's alienating power, that the division of labor appears to individuals ‘not as their own united power, but as an alien force existing outside them’ because ‘their co-operation is not voluntary’ (Critchley, 2001: 391). The bureaucratic forces affect political and social life as well since the separation is reinforced by state and social institutions such as in schools and political parties (Critchley, 2001).

**The prefigurative tradition**

The following section explores the concept of ‘prefigurative politics’ or the ‘prefigurative tradition’. Prefigurative politics is a social change framework that relies heavily upon the democratic process. First, I will consider the Occupy Wall Street (OWS) movement in order to contextualize the prefigurative tradition. This is followed by an exploration of the rich history of the movement and why practitioners engage with this particular organizing framework. These discussions are intended to help frame the final section which looks at the underlying ontology of the framework and makes some preliminary connections to Freirean philosophy.

**Occupy Wall Street (OWS): contextualizing the prefigurative tradition**

One of the largest and most well-known social change movements in recent history was Occupy Wall Street (OWS) which started at Zuccotti Park in New York in 2011 (Engler and Engler, 2014). Although the motivations of the movement were diverse, Murray (2014) argued that essentially it sought ‘radical democracy’ where the ‘goal was to actualize the ideal of self-organizing communities of free and equal persons, expand and deepen democratic participation in all spheres of life, and increase individuals’ and communities’ power over social, economic and political institutions’ (Engler and Engler, 2014: 1). OWS had numerous goals, but one of the most important was to create a democratic space where people could humanely engage with others and to show, through action, that democracy was possible, as Graeber explained. We all knew it was practically impossible to convince the average American that a truly democratic society was possible through rhetoric. But it was possible to show them. The experience of watching a group of a thousand, or two thousand, people making collective decisions without a leadership structure, motivated only by principle and solidarity, can change one's most fundamental assumptions about what politics, or for that matter, human life, could actually be like (Graeber, 2013: Chapter 2, Section 4, Paragraph 4).The tactics and policies which sought to achieve these goals were largely what made the movement stand which, as Engler and Engler (2014) reminded us regarding the strategies of the Industrial Workers of the World (IWW), sought to ‘build the new world in the shell of the old’ (Engler and Engler, 2014: 1). The IWW strategy is known as the prefigurative tradition (or prefigurative politics), which Murray (2014) defined by way of a comparison with traditional organizing, where ‘rather than petitioning politicians to bring about democratizing reforms or building a party that would hopefully instate democracy after the revolution, activists hoped to bring about a radically democratic society through radical democratic practice’ (Murray, 2014: Paragraph 3). Engler and Engler (2014) explained that some occupiers focused on ‘the encampments themselves’ for social change, where ‘their open general assembles and communities of mutual support [where] the movement's most important contribution to social change’ (Engler and Engler, 2014: Section 1, Paragraph 3). Engler and Engler (2014) further explained that ‘these spaces … had the power to foreshadow, or “prefigure”, a more radical and participatory democracy’ (Engler and Engler, 2014: Paragraph 3).

In addition, OWS helps illustrate the key differences in organizational strategies, particularly between the prefigurative and ***strategic*** traditions. Breines (1989) described ***strategic*** politics, the complement to prefigurative politics, as that ‘which was committed to building organization in order to achieve major structural changes in the political, economic and social orders’ (Breines, 1989: Chapter 1, Paragraph 16). Engler and Engler (2014) explained that these different frameworks, while occasionally intersectional, often implied different strategies. Where ***strategic*** politics favors the creation of organizations that can marshal collective resources and gain influence in conventional politics, prefigurative groups lean toward the creation of liberated public spaces, community centers and alternative institutions – such as squats, co-ops and radical bookstores. (Engler and Engler, 2014: Section 5, Paragraph 3)OWS activists, in the vein of ***strategic*** politics, ‘pushed for concrete political reforms [such as] greater regulation of Wall Street, bans on corporate money in politics, a tax on millionaires, or elimination of debt for students and underwater homeowners’ (Engler and Engler, 2014: Paragraph 3). In addition, these organizational strategies differed in their intended audiences, where those following the ***strategic*** framework desired to change public opinion and therefore tended to be ‘very concerned with media strategy and how their demonstrations will be perceived by the wider public’, while the prefigurative activists were indifferent or antagonistic to mainstream society and the media and tended ‘to emphasize the expressive qualities of protest – how actions express the values and beliefs of participants, rather than how they might impact a target’ (Engler and Engler, 2014: Section 5, Paragraph 3). Equally, prefigurative activists were less likely to engage in partnerships with established organizations where they feared that potential allies having hierarchal power structures or a part of established political parties might undermine the democratic potential of their organization (Engler and Engler, 2014). Finally, prefigurative movements have ‘a greater focus on the group process’ and ‘intensive consciousness-raising, as well as at addressing issues such as sexism and racism within movements themselves’ (Engler and Engler, 2014: Section 6, Paragraph 3).

The tactics of the prefigurative tradition are controversial because some claim them as necessary while others regard them as ineffectual. As Engler and Engler (2014) explained, ‘[the] project of building alternative community totally eclipses attempts to communicate with the wider public and win broad support, it risks becoming a very limiting type of self-isolation’ (Engler and Engler, 2014: Paragraph 5).

**The prefigurative tradition: history and meaning**

I will explore the prefigurative tradition in order to frame an alternative to traditional ways of understanding social change. First, the history of the prefigurative movement is addressed, followed by the underlying theory of the framework. These explanations are intended to help expand what social change may look like, to conceptualize the Freirean framework for social change in order to determine what connections exist.

The prefigurative tradition is an organizational model for social change that, broadly, focuses as much on the process of change as the goals, arguing that the ends must be commensurate with the means (Engler and Engler, 2014). Prefiguration means living and acting in accordance with an ethic that meets the goals of the ideal society; or, as Mahatma Gandhi famously declared, ‘be the change that you want to see’ (Engler and Engler, 2014: Paragraph 1). Furthermore, in the tradition relationships are central because they constitute the foundational pieces of a new society, as Engler and Engler (2014) explained, ‘in a 1980 essay, Breines argues that the central imperative of prefigurative politics was to “create and sustain within the live practice of the movement, relationships and political forms that “prefigured” and embodied the desired society”’ (Engler and Engler, 2014: Section 2, Paragraph 1). What can therefore be understood as the goal for prefigurative tradition is ensuring that participants are actively engaged in every aspect of ***planning***, organizing and moving an organization forward, with the ultimate goal of transforming society into a true democracy (Chomsky, 2013). In addition, this suggests that democracy in the prefigurative tradition is not simply considered in the political sense, restricting it to a vote, but in a holistic sense, including economically and socially in addition to politically (Chomsky, 2013). Therefore, organizations or nations that fail to achieve democracy politically, socially or economically may be considered *un*democratic from the prefigurative perspective (Chomsky, 2013; Boggs, 1977).

Historically there are many examples of organizations operating in the prefigurative tradition, existing along a spectrum, each varying to the extent to which they prioritize democracy in their organizations, policies and politics (Boggs, 1977). Boggs (1977), in his history of the tradition, articulated ways that some prefigurative organizations were too ‘prefigurative’ and had failed due to over-reliance on local participatory organizations and neglect of broader networks. In contrast, Polletta (2002) explained that some contemporary US organizations use aspects of the prefigurative tradition, such as popular participation, but occasionally forgo the democratic process for ***strategic*** reasons. However, Boggs (1977) warned that the forsaking of popular voices for political expediency can actually undermine the movement and may cause it to become despotic.

Generally, the most successful forms of the prefigurative tradition seek to maximize democratic participation while minimizing unnecessary authority, with a focus on maintaining the broad collaboration necessary for a healthy social movement (Chomsky, 2013; Boggs, 1977; Polletta, 2002). Regarding authority, Chomsky argued that the onus should be on those in power to justify themselves, ‘…so I think that whenever you find situations of power… the person who claims the legitimacy of the authority always bears the burden of justifying it. And if they can't justify it, it's illegitimate and should be dismantled’ (Chomsky, 2013: 33).

Historically, the prefigurative tradition represented aspects of the social change movements of the 1960s where, as Breines, as the person who popularized the term, explained, the goal was to ‘create and sustain within the live practice of the movement, relationships and political forms that “prefigured” and embodied the desired society’ (Breines, 1989: Section 2, Paragraph 1). Thus Breines (1989) explained that prefigurative politics in the 1960s was radically democratic and resistant to bureaucracy and other hierarchy-preserving systems (Engler and Engler, 2014). As an example, a key group to emerge during the 1960s that engaged in the strategy was the Student Nonviolent Coordinating Committee (SNCC) where ‘participants spoke of the desire to create the “beloved community” – a society that rejected bigotry and prejudice in all forms and instead embraced peace and brotherliness’ (Engler and Engler, 2014: 3 Section 4, Paragraph 3). The ideal served as a model for how activists would operate within their organization in pursuit of their goals and was an inspiration for bold activist work (Engler and Engler, 2014). However, academics discussing the period of the 1960s stress the importance of the differences between the prefigurative tradition and the counter-culture movement (Engler and Engler, 2014). While similarities existed between the two, prefigurative politics emphasizes goals, such as creating participatory democracy, while the counter-culture movement focused almost exclusively on culture, such as the arts and music (Engler and Engler, 2014).

However, Engler and Engler (2014) explained that while the prefigurative tradition was popularized during the 1960s it did not arise suddenly but, rather, has been a recurring discussion in social movements across cultures and contexts. Engler and Engler (2014) referred to aspects of Gandhi's organizing against the British colonizers, where he advocated ‘for a distinctive vision of self-reliant village life, through which he believed Indians could experience true independence and communal unity’ (Engler and Engler, 2014: Section 2, Paragraph 3). Carl Boggs is often credited with coining the term ‘prefigurative politics’ in reference to failed social revolutions of the 19th and 20th century (Engler and Engler, 2014; Murray, 2014).

Boggs (1977) explained that the advocates of the prefigurative tradition asked of the revolutions of the 19th and 20th centuries the question, ‘how are you to achieve equality through inequitable practices?’. Chomsky (2013) recalled an instance of the recurring critique in the late 1800s when anarchists such as Bakunin, Rocker and Pelloutier questioned their Marxist contemporaries about how a socialist revolution could occur when power was concentrated in so few hands with little regard for democratic engagement. Chomsky (2013) explained that the chances for a truly democratic revolution that ‘will achieve the humanistic ideals of the left’ are slim if the *process* of change is not considered; or, in other words, a *democratic* society is unlikely to emerge from authoritarian ***programs*** (Chomsky, 2013: 6). Similarly, Chomsky refers to Martin Buber's understanding of the conflict between means and ends, ‘one cannot in the nature of things expect a little tree that has been turned into a club to put forth leaves’ (Chomsky, 2013: 6). As in the conflicts between ***strategic*** and prefigurative politics during OWS, the recurring question of the process of social change has been discussed for over a century between libertarian socialists, who follow in the prefigurative tradition, and authoritarian socialists who argue for a strong centralized state (Chomsky, 2013).

However, the debate between the groups should not imply that anarchists are antagonistic to socialists, but rather that anarchists are socialists who argue for a specific process. Anarchists articulate a specific process of change, where through democratic, collaborative and anti-hierarchal means a new society could be realized from the old. Chomsky explained that from the anarcho-syndicalist tradition activists sought to create ‘free associations of free ***producers***…to take over the organization of production on a democratic basis’ (Chomsky, 2013: 11). Chomsky (2013) also explained that Marx discusses the antagonistic relationship between capitalism and democracy where, because of capitalist relations, the workers becomes machine-like and alienated from their work and each other. It follows, from the anarchist tradition, that if the way that labor is organized in society (i.e. capitalism) creates dehumanizing inequality while there exists a state structure that supports inequality, then ‘both…must be overcome’ (Chomsky, 2013: 11). Chomsky's (2013) argument recalls the anti-hierarchal stance of the prefigurative tradition, which argues that hierarchies, especially those created within capitalism, lead to undemocratic societies. It is through their economic concerns that anarchists are often associated with the socialist tradition because they argue that any form of hierarchy is an obstacle to achieving true democracy (Bamyeh, 2009). Similarly, Chomsky recalled, of Adolph Fischer, that ‘every anarchist is a socialist but not every socialist is necessarily an anarchist’ (Chomsky, 2013: 10). However, there is a significant contemporary exception; specifically, libertarians in the USA who have come to be associated with neoliberalism (Chomsky, 2013). The trend in the USA is generally inconsistent with the global understanding of the libertarian perspective, as Chomsky argued, A consistent anarchist must oppose private ownership of the means of production and the wage slavery which is a component of this system, as incompatible with the principle that labor must be freely undertaken and under the control of the ***producer***. (Chomsky, 2013: 10)Further examples of the prefigurative tradition coming into conflict with ***strategic*** organizational strategies may be found in history. As Chomsky (2013) explained, the failure of those opposing the fascists in the Spanish Civil war (1936–1939) was due in large part to ***interventions*** by *un*democratically organized factions, countries and organizations that undermined the anti-hierarchal, decentralized and democratic revolution. Chomsky (2013) argued that the popularly-led revolution against the fascist state, although short-lived, created one of the most democratic spaces in history. The movement was unique because it could remain relatively independent from a centralized governing body. As Chomsky explained, …the revolution was ‘apolitical’, in the sense that its organs of power and administration remained separate from the central Republican government and …continued to function fairly independently until the revolution was finally crushed between the fascist and Communist-led Republican forces. (Chomsky, 2013: 51)Chomsky (2013) described how, during the revolution, the popular groups replaced the centralized government with collectives, or locally organized autonomous groups: in Aragon, 450 collectives with half a million members; in the Levant, 900 collectives accounting for about half the ***agricultural*** production and 70 percent of marketing…in Castile, 300 collectives with about 100,000 members. (Chomsky, 2013: 52)The collectives, however, faced substantial opposition from the fascists, led by Franco, and, perhaps unexpectedly, from the communists (Chomsky, 2013). The communist involvement was complicated, but their opposition was ***strategic***. As Chomsky (2013) explained, the communist party was ‘seeking support among the propertied classes in the anti-Franco coup’, and was seeking a unified revolution with Russia where the ‘fragmented’ anarchist movements were incompatible (Chomsky, 2013: 53). Furthermore, the revolutionaries also faced opposition from liberal democracies, including the United States, France and Great Britain, that supported Franco, albeit indirectly, with loans and trade while withholding support from the collectives.

Similarly, in his analysis of several failed revolutionary movements, Carl Boggs (1977) described instances where popular movements were undermined by centralized and hierarchal forces. Boggs (1977) explained that the Russian Revolution had initially been democratic and anti-hierarchal because it comprised numerous locally-governed Soviets and factory committees. Boggs (1977) further explained that ‘the Soviets were defined as primarily political assemblies … [that] reflected a broad social base’ where ‘meetings were held regularly, sometimes daily’ and ‘the rapid turnover of delegates together with the quick pace of events imposed limits on bureaucratization’ (Boggs, 1977: Section 4, Paragraph 3). While the factory committees dealt primarily with workplace issues, including management of the work and workplace regulation, and ‘pushed for workers’ control and mass action – strikes, demonstrations, and occupations’ (Boggs, 1977: Section 4, Paragraph 4), the Soviets and committees worked in tandem to different levels of success throughout Russia, with roughly 200 Soviets in place by 1917 (Boggs, 1977). However, Boggs (1977) explained that there was little infrastructure between the different Soviets and committees and, consequently, they were easily coopted by a larger more centralized movement. Boggs (1977) described how the Soviets were slowly transformed from popular organizations to auxiliaries to the central governing body, ‘these councils…were gradually emptied of collective-democratic content and transformed into “transmission belts” for implementing decisions made by the party leadership’, and by mid-1918 workers’ control had been terminated (Boggs, 1977: Section 4, Paragraph 7). Boggs (1977) explained that additional reasons for the dissolution of prefigurative movements were a narrow focus on spontaneity and therefore a lack of systematic political organization, as well as becoming co-opted by liberal democracies.

Boggs argued that those working within the tradition believed that ‘statism and authoritarianism as special obstacles to be overturned’ and the goal of the tradition ‘is to replace the bureaucratic state with distinctly popular institutions’ (Boggs, 1977: Section 3, Paragraph 1). Thus Boggs explained that the prefigurative tradition has three primary concerns, including: (1) Fear of reproducing hierarchical authority relations under a new ideological rationale; (2) criticism of political parties and trade unions because their centralized forms reproduce the old power relations in a way that undermines revolutionary struggles; and (3) commitment to democratization through local, collective structures that anticipate the future liberated society. (Boggs, 1977: Section 3, Paragraph 1)The prefigurative model is therefore concerned with addressing all forms of hierarchy, not only with those ***produced*** under capitalism but also those through the state and social structure. Broadly, the prefigurative frame argues that the ends must be commensurate with the means, as Boggs, citing Gorz (1976), stated, ‘there is no such thing as communism without a communist life-style or “culture”’ (Boggs, 1977: Section 3, Paragraph 2). Furthermore, any institution or ideology that inhibits equality in day-to-day life should be addressed; Gorz (1976) explained, referring to capitalism, that a ‘communist lifestyle cannot be based upon the technology, institutions and division of labor which derive from capitalism’ (Gorz, 1976, as cited in Boggs, 1977: Section 3, Paragraph 2).

Boggs (1977) explained the purpose of social institutions within the prefigurative tradition; that they should focus on ‘small, local, collective organs of popular control’ such as ‘factory councils, Soviets, neighborhood assemblies, revolutionary action committees, affinity groups’ that ‘seek to democratize and reinvigorate revolutionary politics’ (Boggs, 1977: Section 3, Paragraph 5). Boggs argued that such organizations can develop organically and ‘combat the social division of labor’ through collective work that focuses on transforming social relationships (Boggs, 1977: Section 5, Paragraph 6). Furthermore, these democratic spaces can also empower participants and help them realize their agency through the collective understanding of their potential to ***produce*** change, ‘where a sense of confidence, spirit, and creativity would begin to replace the fatalism, passivity, and submissiveness instilled by bourgeois authority’ (Boggs, 1977: Section 5, Paragraph 6).

Boggs (1977) argued that some of the best examples of the prefigurative tradition embrace a broad vision of social change rather than focusing narrowly on either spontaneity or action without theory. ‘Councilism’, Boggs explained, was the attempt to work through the conflicts between the prefigurative and ***strategic*** movements and they wanted ‘to incorporate the needs for structure, leadership, and coordination into a democratic and prefigurative revolutionary process’ (Boggs, 1977: Section 3, Paragraph 8). Boggs explained that the approach had three distinctive features, including: The construction of federations made up of local self-management systems into a larger system of coordination, using collective popular structures to undermine and replace existing structures from below, and a look into the future or organization based on ‘the unfolding potential of the working class’. (Boggs, 1977: Section 3, Paragraph 9)The prefigurative tradition has had many expressions since the early 20th century, from moderate as well as radical quarters. Many of the prefigurative organizations were influenced by the social movements of the 1960s in the USA (Breines, 1989). Polletta gave contemporary examples of organizations that used participatory democracy, including ‘the National Association for the Advancement of Colored People (NAACP), the Sierra Club, and the National Organization for Women’ all of which have ‘deeply held commitments to democracy’ (Polletta, 2002: 6). However, as Polletta (2002) explained, some of these groups strayed from strict prefigurative strategies because they (the groups) placed the ‘achievement of their goals’ above democracy, where …the demands of funders may mean implementing bureaucratic allocative procedures; winning legislation or policy change may require centralized authority; responding quickly to the aggressive action of movement opponents may require leaders' unilateral action. (Polletta, 2002: 6)The moderate organization's willingness to forgo equitable practice differs from the stance of more radical groups that adhered to stricter prefigurative strategies, being ‘…unwilling to bow to the demands of political efficacy’ (Polletta, 2002: 6).

Polletta (2002) argued that prefigurative organizations can have tactical advantages over traditional ***strategic*** organizing techniques, including: decentralization, which ‘can generate innovative tactics by encouraging group input’; a cooperative ethos, which can generate stronger bonds; and ‘innovation and solidarity’ (Polletta, 2002: 7). In addition, in Polletta's (2002) own research, she acknowledged the importance of dialogue, or ‘deliberative talk’ – that is, to ‘recognize the merits of each other's reasons for favoring a particular option’ – which was ‘governed by norms of openness and mutual respect’ (Polletta, 2002: 7). Importantly, Polletta (2002) explains that when dialogue is understood as ongoing, it counters the common conception of democracy being adversarial, where people are assumed to know their preferences before dialogue beings.

In addition, Polletta explained that the prefigurative tradition derives legitimate authority from the participants because authority is based on democratic principles rather than ‘the credentialed, the moneyed, the powerful’ (Polletta, 2002: 8). The *process* of diffusing decision making across the group can itself be beneficial, as Polletta explained; it can press ‘participants to recognize the legitimacy of other people's reasoning’ and avoid the pitfalls of majority voting which ‘leaves losers in its wake’ who ‘may forge the alliances and strike the bargains necessary to win’ or leave the organization (Polletta, 2002: 9). Finally, Polletta argued that ‘participatory deliberation yields citizens who are more knowledgeable, public spirited, better able to see the connections between their own interests and those of others, and more willing to reevaluate their own interests’ (Polletta, 2002: 11).

Looking closely at what helps participatory democracies thrive, Polletta (2002) discussed the subtleties of democratic relationships. She described a democratic etiquette, which does more than merely ‘keep things civil’, because through ‘routinizing interaction and domesticating attendant emotions, it generates trust in the process, its outcomes, and its participants’, which, Polletta argued, ‘is vital to the institution's survival’ (Polletta, 2002: 16). The social norms that guide the decision making process differ from organization to organization, but often emphasize one particular relational form (Polletta, 2002). Polletta explained, from her 2002 study, that participants in democratic organizations tended to relate based on several frameworks – including religious fellowship, tutelage and friendship.

The relational frameworks described the norms expected in each organization and how these frames affected the ways in which groups made decisions and dealt with conflict, and what conflicts were likely to emerge (Polletta, 2002). The framing also explains how each organization helps ‘promote the mutual trust, respect, and concern that are a precondition for participatory democracy's developmental benefits’ (Polletta, 2002: 208). The religious fellowship framework, for example, built trust based on a common faith and tended to have a ‘deferential’ mode of decision-making linked with belief in power outside of the organization, and dealt with inequality by accepting that ‘participants are equal before God’ (Polletta, 2002: 19). Polletta describes the model that faith-based organizations used as ‘relational’, where they focus on ‘the affection, trust, and respect shared by active church members, but they also try to counteract the deference built into those relations by affirming the importance of acting on one's “self-interest”’ (Polletta, 2002: 178).

Polletta (2002) discussed the theological roots of democratic bodies organized around religious relationships. Historically, pacifist groups have had strong ties to religious doctrine which has directly influenced their actions: Polletta explained that ‘striving to create the Kingdom of God has also meant working to bring about social justice, and pacifists since World War I have been active in causes ranging from civil rights and civil liberties to labor organizing and environmentalism’ (Polletta, 2002: 27). The motivation for doing social justice work may be surmised by the phrase, ‘do now what thou wouldst do then’, which refers to the acolyte finding solace in doing the ‘acceptable will of God in the beginning and end of every good work’ (Kempis, 2017: Book 1, Chapter 25, Paragraph 3). The phase calls to mind the prefigurative framework because it links the everyday work of the democratically engaged individual with the ideal. Polletta explained that the framework ‘aimed at embodying the cooperative society of the future, furthering the “here-and-now revolution”’ (Polletta, 2002: 27). However, Polletta (2002) also warned that by virtue of their commitment to religious doctrine participants in these organizations have a difficult time challenging those who claim special access to the will of God, thus potentially limiting the democratic potential of the organization.

**Paulo Freire**

Here, I will explore Paulo Freire's legacy as well as his education and social philosophies. The discussion will serve to contextualize Freire's project, to explain its connection to the prefigurative tradition. Specifically, I will briefly describe Freire's background, teaching strategies, and tangible policies that he enacted as education minister of Brazil.

Moacir Gadotti described Paulo Freire as a ‘man of his time’ who has ‘provided the conditions for countless individuals, regardless of race, gender, class and caste, to break free from their historically contingent and entrenched vocabularies to face up to their fallibility and strength as agents of possibility’ (Gadotti, 1994: xiii). Gadotti (1994), a collaborator and contemporary of Freire, explained that Freire challenged some of the fundamental assumptions of schooling and education, including how knowledge is developed.

Describing Freire's understanding of knowledge, Gadotti (1994) explained that knowledge has two parts, the production of knowledge and the moment that the knowledge is discovered or made known. Furthermore, Gadotti (1994) explained that in traditional education this process is bisected, which results in alienation. Due, in part, to the separation of the knowledge creation process, alienation manifests itself in a hierarchal relationship between teacher and student. Later, with regard to the wider US context, McLaren and Farahmandpur (2004) argued that the separation of the production of knowledge from the usage of knowledge contributes to the commodification of knowledge. Similarly, Gadotti had explained that this is an important factor preserving ideology, ‘when we separate the production of knowledge from the discovery of already existing knowledge, schools become easily transformed into shops for the sale of knowledge, which is part of the capitalist ideology’ (Gadotti, 1994: 13).

In contrast, through practices that engage the learner and promote agency, Freire hoped to revolutionize traditional education practices. He sought to replace the traditional hierarchal structure of the classroom by helping the students to become equal contributors to the learning process though a pedagogical practice called ‘cultural circles’. Cultural circles build the curriculum from the lived experiences of the learners; as Freire (2016) explained, the curriculum must be adaptive to the social, political and historical context of the population. Equally, Souto-Manning described five key aspects of the cultural circle in her study of the process of the critical cycle: ‘generative themes, problem posing, dialogue, problem solving, and action’ (Souto-Manning, 2010: 32). The aim of the process is to raise culturally and locally relevant issues in order to develop an awareness of the dialectical relationship of local and global contexts with an orientation towards action.

Freire's action-oriented approach, or praxis, is a collaborative pedagogical practice that actively engages theory toward achieving social change. The framework describes civic life as inherently political; thus, as Kirylo explained, One who is engaged in political matters is a person of action, marked by the term praxis; and one who lives a life of contemplation (theory) is immersed in the things metaphysical and eternal truths, which stands taller than praxis, yet both are critical aspects of being human. (Kirylo, 2011: 153)Consequently, the bond between the two poles implies a dialectical relationship, as Kirylo further explained: ‘the notion of praxis can be characterized as the dialectical interweaving of reflection and action, ultimately playing a significant role in human liberation and societal transformation’ (Kirylo, 2011: 154). Souto-Manning added that the action/reflection cycle is to be conducted collaboratively, ‘considering multiple perspectives while engaging in collective problem solving, participants begin carrying out their ***plans*** for action’ and that ‘these ***planned*** actions take place in both individual and societal realms’ (Souto-Manning, 2010: 40).

Praxis education is uniquely situated to address a dominant ideology because it simultaneously challenges the status quo while actively engaging in alternatives. Freire described the process of realizing dominant ideology through critically engaged practice as ‘conscientization’ (Freire, 1998). While analyzing the process, Gadotti (1994) explained that conscientization may be understood in several stages: the investigation stage; the thematization stage; and, finally, the problematization stage. The investigation stage involves the educator as a researcher seeking to create a common collection of vocabulary and meaning with the community, building towards a shared understanding (Gadotti, 1994). This is followed by the thematization stage in which the co-investigators problematize and rethink their meaning-making systems (Gadotti, 1994). Finally, the problematization stage involves informed engagement with the potential issues found in the community, as Gadotti explained: ‘concrete action becomes necessary which will overcome limiting political, cultural, social, and economic situations, that is, obstacles to hominization, the process of becoming men’ (Gadotti, 1994: 23). Smith (2015) added that the process is not necessarily linear but cyclical, though conscientization essentially helps the learner understand their ideological context and receives tools to challenge it.

The development of conscientization, or critical consciousness, seeks to link individual with social narratives to reduce the alienation brought on by capitalist relations (Critchley, 2001; Kirylo, 2011). A central part of conscientization is the dialectical relationship between theory and action, or praxis, where action mutually informs theory in collective practice towards social change. Consequently, action, or what concrete steps that need to be taken, are integral when considering social change from a Freirean framework.

**Paulo Freire as education minister of Brazil – Freirean pedagogy in action**

During his brief tenure as education minister of Brazil, Paulo Freire promoted policies that reflected a Freirean framework of education reform (O’Cadiz et al., 1999). After the Workers Party took office in Brazil, Freire was to serve as the Municipal Secretariat of Education from 1989 to 1992 (O’Cadiz et al., 1999). Freire developed the concept of Popular Public Schools in collaboration with local communities, with the aim of decentralizing education administration (O’Cadiz et al., 1999). Through what would be termed the Movement for Literacy Training of Youth and Adults (MOVA) Freire hoped to increase local participation in the governing of education, because it was ‘built on participative ***planning*** and delivery with support from nongovernment organizations or social movements’ (O’Cadiz et al., 1994: 209). O’Cadiz et al. described the intentions behind MOVA as a ***program*** ‘that guarantees the school's autonomy in the definition of its own pedagogic ***program***’ where ‘all the schools of the municipal system were given the option to either formulate their own independent project or to subscribe to the secretariat's proposed Interdisciplinary Project’ (O’Cadiz, 1994: 210). Freire hoped to facilitate local ***planning*** and encourage autonomy where the ‘choice was made at each municipal school by a democratic consensus of school administrative personnel, teachers, and parents represented in the school councils’ (O’Cadiz et al., 1994: 210).

Rather than reinforce hierarchal relationships, Freire chose to build from local pre-existing movements where the central government ‘lent financial resources and technical expertise to social movements already active in the area of literacy training and political conscientization of the popular sectors, rather than imposing a particular ***program*** of literacy training’ (O’Cadiz et al., 1994: 210). As Secretariat, Freire developed the advisory capacity of the central education department through weekly meetings with local teachers, practitioner articles, and a non-coercive guide developed from Freire's critical pedagogy (O’Cadiz et al., 1999).

The teachers and administrators at the schools that adopted the Freirean ***program*** generally started with a thematic investigation of their locality in order to determine issues that concerned their constituents (O’Cadiz et al., 1999). Consistent with Freire's theme of conscientization, rooting pedagogy in locally relevant issues facilitated an individual's understanding of the interrelation of local and global issues. O’Cadiz et al. described the process thus: ‘…popular education starts from a political and social analysis of the living conditions of the poor and their outstanding problems… and attempts to engage the poor in individual and collective awareness of those conditions’ (O’Cadiz, 1994: 214). Further, the thematic investigation was described as ‘…one path towards getting to know, understand, and intervene critically in a particular studied reality… it presupposes a methodology that believes in the growth of the individual through collective work, discussion, problematization, questioning, conflict and participation’ (O’Cadiz et al., 1999: 85). From the themes, the schoolteachers and administrators would develop curricula that focused on action and would help develop reflective students.

Curriculum reform was based on the reflection/action model Freire described as praxis, in which the connection between theory and practice was highlighted (O’Cadiz et al., 1999). The reforms were not to be taken as final; rather, they should be ongoing, that they ‘…should include a model on continuing teacher training, with a critical analysis of the curriculum in practice’ (O’Cadiz et al., 1999: 52). Furthermore, the reforms should be based on maximized local participation and ‘should reflect diverse experiences, with a fundamental respect for the autonomy of each school’ (O’Cadiz et al., 1999: 52).

The central education department facilitated curriculum development in a support role through a combination of developing teacher/practitioner networks and pedagogical guidelines. Local efforts towards contribution to a decentralized national network started with collaboration between teachers, staff, parents and community members (O’Cadiz et al., 1999). O’Cadiz et al. described the local networks, ‘…councils served as mechanism for increasing family and community participation in school decision-making processes’ where ‘they drew representatives from the teaching staff, the administrative staff, the students and the school community’ (O’Cadiz et al., 1999: 77). The local councils attended to curricular issues, although primarily they ‘covered budget and personnel issues’ (O’Cadiz et al., 1999: 77). The meetings also served as training opportunities which provided spaces for dialogue that challenged traditional educational theory, technical assistance and coaching, as well as subject specific topics (O’Cadiz et al., 1999).

Teachers were given the opportunity to expand their participation from local councils and contribute to a national network through resources made available by specialists. However, consistent with Marxist theory, the project was not isolated to curriculum development; it was designed to challenge existing power structures and to imagine change: ‘it speaks from critical perspective to the way knowledge is ***produced*** in society and how this process can contribute to either merely reproducing relations of power or to the creation of new knowledge and to the transformation of society’ (O’Cadiz et al., 1999: 89).

O'Cadiz et al.'s (1999) study of Freire's tenure as Education Secretary revealed successes as well as the technical and structural challenges of the ***program***. O'Cadiz et al. (1999) described some of the theoretical and structural success of the ***program***: teachers worked collectively with community members; there were diverse sources and content for the curriculum; pedagogy was based on lived experiences; there was development of students as active learners; and there was consciousness raising of teachers and community members. Practically, the ***programs*** raised the student retention rate, student enrollment, and brought about an increase in teacher pay (O'Cadiz et al., 1999). However, O'Cadiz et al. (1999) also described some of the limitations of Freire's project: the limited theoretical/philosophical knowledge of some of the teachers; a lack of material and personnel resources; and uneven distribution of teachers with experience.

**The prefigurative tradition and Paulo Freire – the ontology of *becoming***

I have outlined above the prefigurative tradition, its purposes, organizational strategies and historical or contemporary manifestations. The framework has been shown to differ in some fundamental ways from traditional social change models, specifically with regard to its emphasis on the democratic process. Now, I will briefly discuss the unique focus on democracy and how it relates to some fundamental ontological implications of the framework. While the prefigurative tradition exists on a wide political spectrum, what follows will focus primarily on the anarchist iterations of the tradition, because this is an example of some of the strictest adherents to the democratic principle and arguably the best way to explore this unique feature.

The discussion will first explore how the democratic process is integrally related to an ideal or ethic which grounds the process in political and social experiences. Then, the ontological implications of the relationship between *process* and *ethic* will be considered; and, finally, this ontological framing will be compared to some fundamental ontological assumptions in the Freirean tradition in order to consider how Freirean philosophy is related to the prefigurative tradition.

While it can be readily observed that the prefigurative tradition emphasizes *process*, it may be less clear how this relates to goals. To be clear, the prefigurative tradition, in its strictest sense, asserts that for social change to be realized the process of change has to be equitable (Boggs, 1977; Breines, 1989; Engler and Engler, 2014). However, as Gandhi's famous phrase, ‘be the change that you want to see’ implies, there is necessarily a goal by which the process is measured. Therefore, the prefigurative tradition also implies that process is inextricably related to the goal of social change. Bamyeh's discussion of the attitude that anarchy takes towards authority helps clarify the point. Thinking anarchically means in one sense that existing order, along with the institutions that sustain it, must be constantly justified. Anarchically thinking here means attention to the original intention and continuing usefulness of collective institutions, rather than holding them sacred due to the force of habit: saving the state, upholding the law, or pursuing collective social tasks, are all meaningful only if they fulfill some agreed upon, voluntary, and negotiated rational necessity in each instance and at every moment. (Bamyeh, 2009: Part 1, Chapter 1, Section 2, Paragraph 6)Bamyeh's (2009) understanding of authority describes not only the parts but also the form of the relationship. Bamyeh (2009) explained how the prefigurative tradition sets the means of social change in dialectical relationship with the goals, which makes social transformation into an ongoing process.

Bamyeh recalled failed social revolutions to explain the dialectic logic of means and ends. Authoritarian experiments after a revolution, a Stalin or a Mao, were not simply the result of some malignant personalities taking over the revolution. Rather, authoritarianism was more or less a natural outcome of a logic highlighting the centrality of revolutionary power over society. (Bamyeh, 2009: Part 1, Chapter 1, Section 2, Paragraph 8)In this example Bamyeh (2009) highlights how the state's role in perpetuating inequality had not been considered, which obscured the fact that the Russian or Chinese states were inconsistent with the goals of social transformation. Bamyeh's (2009) discussion is a macro-level view of the dialectical relationship, where social institutions should be constantly renegotiated with reference to the goal of social change. Further, Bamyeh's (2009) explanation serves as a warning of the consequences of not fully considering the outcomes of a course of action, or how they are related to the goal of the movement.

Bamyeh's (2009) discussion of ‘human nature’ helps highlight the dialectical relationship between the process and the goal of social change. Bamyeh (2009) argued that human nature is neither inborn nor essential but, rather, is in a state of constant flux. Bamyeh (2009) described human nature as ‘humanity in practice’, or that ‘humanity is simply a name we give to a constant project of enrichment – spiritual and ethical, but also material’ (Bamyeh, 2009: Part 1, Chapter 1, Section 3, Paragraph 4). Therefore humanity, from the prefigurative tradition, is a process or the state of perfecting, which relates to the goal – in this case, spiritual, ethical and material enrichment. Further, this conception of humanity also runs counter to the idea that there is a fixed goal; rather, that the goal is ever-changing in relation to the current social, political or ontological state. Bamyeh's (2009) ontological framing suggests the possibility of social change. With reference to law and science, Bamyeh (2009) related his framework to the ability of humanity to bring about change. Laws thus are themselves discoveries of humanity, additions to its ways of seeing. They may have the tendency to appear final, objective, natural, everlasting, but both the dynamism of humanity and the method of science mean that laws are never final – they are amendable, falsifiable, or relevant to specific calculations and ways of seeing but not to others. (Bamyeh, 2009: Part 1, Chapter 1, Section 3, Paragraph 6)Bamyeh regarded humanity as dynamic, where ‘things are defined by their movement’ and, with reference to process, ‘the thing is its exercise’ (Bamyeh, 2009: Part 1, Chapter 1, Section 2, Paragraph 7). Therefore, in political organizations where the goal is democracy, a democratic process *is* essential, because the goal of democracy is fundamental to the process of democracy.

Bamyeh's (2009) discussion helps illustrate an ontological similarity between the prefigurative tradition and Freirean philosophy. As Bamyeh (2009) explained, the prefigurative tradition understands humanity as an ongoing project that recognizes action and engagement as epistemology. Bamyeh explains further that the prefigurative tradition's epistemology prioritizes ‘an ever-expanding repertoire of stories and parables – not unified theories – that catalogue the vast range of motion of humanity’ (Bamyeh, 2009: Part 1, Chapter 1, Section 2, Paragraph 7). Similarly, Anderson (2016) explained how Freire developed an ‘ontology of incompleteness’, an action-based concept, where being is defined in constant relation between ‘conscious human action and the world’ (Anderson, 2016: Paragraph 3). Anderson (2016) suggested that humanity is a project that is transformative, mediated by human understanding and action within the material world.

Relatedly, Freire's (1998) term ‘becoming’ describes the ongoing process of transformation and is related to the ontological vocation of humanity being humanization (Freire, 2004). For Freire, becoming is a dialectical process, as he described when discussing critical thinking: ‘implicit in a correct way of thinking, involves a dynamic and dialectical movement between “doing” and “reflecting on doing”’ (Freire, 1998: 43). Further, the processes of humanization and becoming are ethical; as Shaull defined the term, humanization as vocation refers to a ‘Subject who acts upon and transforms his world, and in so doing moves toward ever new possibilities of fuller and richer life individually and collectively’ (Shaull, 2014: 9). Freire's conception of humanization is ethically driven, and its process of becoming through the dialectical relationship between process and goal links it with the prefigurative tradition. As in the prefigurative tradition the process is linked with an ethic and goal: as Freire explained while discussing the process of becoming, ‘it is not possible to imagine the human condition disconnected from the ethical condition’ (Freire, 1998: 39).

Therefore it may be argued that, regarding social transformation, both traditions have an ontological similarity that is related to an ethic, or a dialectical relationship between the goal of, and process of, social change. In the prefigurative tradition, and perhaps most apparent in anarchist philosophy, activist organization is informed by a goal of democratic equality and centered on the means of bringing about a new society. Similarly, in the Freirean tradition, the concept of ‘becoming’ is a process related to the goal of social, political and economic equality developed through strong interpersonal and social relationships, known as humanization (Freire, 1998; 2004). Similarly, from the prefigurative tradition, Bamyeh explained that humanity is an ongoing, dialectical relationship between the individual and society: ‘we understand a dynamic, ongoing symbiosis between psyche and socious, between individual and self-oriented project and the individual as a communally embedded experiment’ (Bamyeh, 2009: Part 1, Chapter 2, Section 2, Paragraph 29).

Furthermore, though both traditions emphasize the importance of the relationship between means and ends, neither prescribe specific remedies for social transformation. As Freire (2016) remarked about his work in Guinea-Bissau, social activism is contextual and historical and cannot be transplanted; rather, change should reflect the engagement of the local people and context. Similarly, Bamyeh (2009) explained that within the anarchist tradition the goal is not to outline social change but to create the conditions in which people may collectively create a new order. As Bamyeh stated, ‘the goal is to cultivate the quality of the human life by adding to it new ideas that are discovered in direct and free practice’ (Bamyeh, 2009: Part I, Chapter 1, Paragraph 8).

**Policy implications of prefigurative Freirean pedagogy**

In the context of an international movement to the political right (Greenwald, 2016), there are larger policy implications of using Freire's framework to create broader democratic practices. The rightist frame, largely defined by neoliberal market-oriented principles (Chomsky, 2017), defines freedom individualistically in terms of market choice rather that collective civil, economic or political rights (Critchley, 2001). Contrary to deeply democratic systems that consider social or political freedoms, adherents to neoliberal ideology prioritize the capitalist marketplace and often argue that ***intervention*** of any type undermines the strength of the market and is thereby ‘un’democratic (McLaren and Lankshear, 1994). However, the neoliberal framework often does not account for the rampant inequality found in capitalism, which has become increasingly injurious for each generation since the early 1900s, such that in 2012 the income going to the top 10% was the highest since 1917 (Kimball and Mishel, 2015).

In addition, when schools are understood in terms of the market, ‘good’ schooling increasingly reflects the (social) class status of the participants (Lafer, 2014). Such is the case in the United States, where increasing income disparity is associated with polarized education outcomes and access to quality education becomes closely associated with the privileged elite (Lafer, 2014). Furthermore, economic disparities are often difficult to disentangle from the ever-widening social and political disparities which compound inequitable education outcomes, as access to civic participation and public goods become increasingly diluted (Reich, 2012). This is the case in the United States, where increasing numbers of citizens are barred access to the vote (Vann, 2016).

The United States' new (2017) education secretary Betsy DeVos reflects President Trump's and the international right's narrative for the support for the wealthy (Rizga, 2017). Rizga (2017) noted that DeVos, through a unique blend of conservative religious ideology and neoliberal market-based prioritization, was moving to continue to dismantle the public tradition in American education in favor of private, competitive models. The private model has been associated with lax ethical guidelines, lower proportions of funding going to instruction, lack of transparency, and little public representation, all of which is consistent with the ideology of private, individual-first systems (Lafer, 2014). The implications of such traditions in the US model threaten to increase the ever-widening social, political and economic inequalities for most Americans.

In this context, Freire's framework offers a rational and systemic ethic from which to approach education policy which may help support a sustained critique of the privatization of US education. As developed above, Freire's philosophy offers at least two contributions: a broad, system-wide framework, and an on-the-ground suggestion for developing teaching practices in American schools. At the broader level, the prefigurative tradition under Freirean influence suggests a deeper level of democratic engagement that is fundamentally incompatible with the neoliberal privatization model.

In the context of prefiguring a more equitable society, enacting policies such as DeVos' model, which makes education competitive, deepens rather than alleviates structural stress (Lafer, 2014). In contrast, according to the Freirean model education at the broader level should be jointly constituted and constructed with local input, conforming to an ethic of maximizing participation and thus affording students, teachers, parents and administrators alike the opportunity to enact democracy and local control. Equally, at the specific instructional level, a prefigurative Freirean teaching policy should seek to co-develop teaching strategies that are informed by locally constructed research, to help inform instructors of relevant community policies or issues taken within the larger socio-political context. As with Freire's generative themes, locally-based research can help inform teaching strategies with the aim of raising the consciousness of interrelated national and international issues (Gadotti, 1994).

These approaches, of course, come into direct conflict with the US affinity for standardized testing strategies which shrink individual differences in favor of nationalistic narratives of sameness and universality, based on research that shows little more than the perpetration of inequalities (Knoester and Au, 2017). Such strategies could be replaced with student-centered, critical work that seeks to upset the nationalistic narrative – as in the case of some radical approaches at the turn of the twentieth century which employed direct community engagement, anti-hierarchal school structures, and the use of critical scholarship in the classroom space (Avrich, 1980).

**Conclusions**

I have explored how education can be used to engage in social change; specifically, how democratic engagement outlined by the prefigurative tradition and enacted through Freirean pedagogy can help create spaces for social justice to emerge. The framing challenges traditional ***strategic*** forms of social change which may rely on top-down structures, opting instead for strategies based on flat, decidedly democratic organizations.

Furthermore, I have suggested a specific understanding of democracy; that, rather than being understood in a limited political sense, democracy should be conceptualized in its fullest sense. Democracy in its fullest sense suggests considering economic and social, as well as political, structures, where class-based structures and social obstacles such as racism, sexism and discrimination based on perceived disability (among others) should be understood as barriers to democracy. For example, in the US context, where the vote is broadly considered to be the pinnacle of democracy, serious problems regarding race, class and gender are still widespread. We need look no further than at contemporary campaigns such as Black Lives Matter and the fight for a living wage to identify issues that create serious structural barriers to the kind of democratic engagement that Freire and those from the prefigurative tradition advocate.

It is hoped that framing education in this manner will help with understanding, as critical theorists have, that education can play a central role in change. To be democratic, these changes may not be able to be prescribed from above but, rather, constructed horizontally, toward an ethical purpose. Furthermore, by connecting Freire to the tradition it may be helpful to understand how these democratic goals can be actively applied in the classroom.

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[***Kazakh leader unveils new development plan in key message***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RCT-4471-JC8S-C3CY-00000-00&context=1516831)

BBC Monitoring Central Asia Unit

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**Length:** 2190 words

**Body**

Kazakhstan urgently needs to digitalise governance processes and companies under the fourth industrial revolution, Kazakh President Nursultan Nazarbayev said in his annual address to the nation, the text of which was published on 9 January 2017. Nazarbayev outlined major steps on the modernisation and digitisation of the economy in 10 tasks under the headline "New opportunities for development under the fourth industrial revolution". This is the second year in a row that the text of the state of the nation address is published in the press, but not spoken by the president to camera. Nazarbayev made a brief TV statement about the address the day before the text was published. Following are excerpts from the text; subheadings inserted editorially

[Kazakh President Nursultan Nazarbayev, in Russian] Dear people of Kazakhstan! Today the world is entering the epoch of the fourth industrial revolution and the period of deep and fast changes: technological, economic and social ones.

The new technological patterns drastically change the way we work, exercise our civil rights and rear our children.

[Passage omitted: The President lists Kazakhstan's past ***programmes*** and initiatives]

[President Nursultan Nazarbayev] The GDP grew by 4 percent, and the industry grew by over 7 percent last year. Meanwhile, the processing sector exceeded 40 percent of the whole industry. Kazakhstan's successful development allowed a middle class to be formed. The poverty rate decreased by 13 times and the unemployment rate went down to 4.9 percent.

The civil peace and interethnic as well as interfaith accord, which remain our key value, are the core of the country's social and economic success. Nevertheless, we have to clearly recognise that Kazakhstan's achievements are the basis for but not a guarantee of tomorrow's success.

The era of the "oil abundance" is practically coming to an end. The country needs a new quality of development. The global trends show that it should be based, primarily, on the wide introduction of the elements of the fourth industrial revolution. This has both challenges and opportunities. I am sure that Kazakhstan has all the necessary [potential] to be among the leaders of a new world. In order to achieve this, we have to focus on solving the following tasks.

New technologies

First: Industrialisation must become the flagship of introducing new technologies

It was the results of industrialisation which became a stabilising factor during the crisis in 2014-2015, when oil prices plummeted. That is why the focus on the processing sector with high labour productivity remains unchanged.

At the same time, industrialisation should become more innovative and use all the advantages of the new industry 4.0. We have to develop and pilot new tools aimed at modernising and digitising our companies and make them more export-oriented. The tools have to primarily induce the transfer of technologies. We need to implement a pilot project on digitising several Kazakh industrial companies and then widely replicate this practice.

The development of our own ecosystem of developers of digital and other innovative solutions is becoming a crucial issue. Such ecosystems should crystallise around innovation centres, such as Nazarbayev University, the International Financial Centre of Astana and the International Technopark of IT Startups. We have to seriously revise the activities of the Alatau Innovative Technologies Park.

The major factors for the success of the innovation ecosystem are the stimulation of the real sector's demand for new technologies and the availability of the venture capital private sector. There should be relevant legislation for that.

In addition, the development of IT and engineering services becomes important. Besides ***producing*** dividends, the digitisation of the economy poses a risk of a massive labour force release. We have to develop in advance an agreed outplacement policy.

We will have to adapt the education system, communications and standards for the needs of the new industrialisation. In 2018 we need to start developing the third five-year industrial ***plan*** devoted to the formation of the digital era industry.

Developing resource potential

Second: Further developing of the resource potential

The world of the 21st century still needs natural resources, which will occupy a special space in the development of the global economy and our country's economy.

[Passage omitted: the world increases clean energy generation, Kazakh clean energy generation is to reach 30 percent by 2030]

[Nursultan Nazarbayev] Regional governors have to take measures to utilise and recycle household garbage and refuse. Small and medium-sized businesses should be broadly involved in this process. These and other measures will require modifying legislation, including the Environmental Code.

Smart technologies in ***agriculture***

Third: Smart technologies provide the chance to make a breakthrough in the ***agricultural*** complex

The agrarian policy should be aimed at boosting labour productivity and increasing exports of processed ***agricultural*** products.

[Passage omitted: Kazakhstan is proud of growing wheat; the country should develop agrarian science]

[President Nursultan Nazarbayev] The country together with businesses has to find ***strategic*** niches on the international markets and promote our ***produce***. The ***agricultural*** sector has to be intensified with the preservation of the quality and environmental friendliness of products. This will enable promoting the brand of natural food products "Made in Kazakhstan", which has to be recognisable around the world.

Moreover, we have to stimulate those who use the soil in the most efficient way, and take measures against users who are not efficient. We have to rechannel ineffective subsidies towards making bank loans more accessible for the ***agricultural*** complex. I order that productivity in the ***agricultural*** complex should increase by five times, and exports of processed ***agricultural*** ***produce*** to increase by 2.5 times.

Transport and logistics

Fourth: Enhancing the effectiveness of the transport and logistical infrastructure

There are several transcontinental corridors passing through Kazakhstan. We have talked a lot about it. As a whole, the freight transit through Kazakhstan grew by 17 per cent in 2017 and equalled 17m tonnes.

There is a target to make up to 5bn dollars in annual revenues from transit in 2020. This will pay off state investments in the infrastructure as soon as possible.

It is necessary to introduce on a large-scale digital technologies, such as block chain, to monitor the movement of freight online and their free transit as well as simplify tax procedures. Modern solutions enable all chains of logistic to interact.

The use of big data will make it possible to provide qualitative analytics, identify growth reserves and reduce excessive spending. It is necessary to introduce an intellectual transport system in order to achieve those goals.

[Passage omitted: the financing for maintenance of roads should be increased]

Modern technologies in construction, utilities

Fifth: the introduction of modern technologies in construction and the public utilities sector

Thanks to the current ***programmes***, annually Kazakhstan builds over 10m square metres of housing annually. The housing cumulative system is effectively working, and it made housing accessible to wide layers of the population. Over the last 10 years housing per capita grew by 30 percent and amounts to 21.6 square metres. We need to increase this indicator to 30 square metres by 2030.

[Passage omitted: new technologies are to be used in construction]

[President Nursultan Nazarbayev] The Government must annually allocate no less than 100bn tenge [around 300m dollars] to solve the issue of providing rural settlements with quality drinking water.

Rebooting financial sector

Sixth: Rebooting the financial sector

It is necessary to complete purging the banking portfolio of bad credits. Meanwhile, bank owners should have an economic responsibility and admit their losses. The withdrawal of funds from banks by stakeholders and their transfer to affiliated companies and persons must be viewed as a serious crime. The National Bank should not be a bystander in these actions. Otherwise, why on earth do we need such a state body? The National Bank's supervision of financial institutions must be tough, timely and effective.

The state will further guarantee the observance of the interests of ordinary citizens. We need to speed up the adoption of the law on bankruptcy of physical entities. In addition, I order the National Bank to completely solve the issue on foreign currency mortgages which were given before 1 January 2016, when it was legally prohibited to issue such mortgages to physical entities.

[Passage omitted: the president praises the Astana International Financial Centre]

New quality of education

The seventh: Human capital is the basis of modernisation. The new quality of education

We need to speed up the creation of our own advanced education system which will cover citizens of all ages. The development of the ability to constantly adapt to changes and learn new knowledge should become a key priority in educational ***programmes***.

[Passage omitted: the quality of education should be enhanced in all educational institutions; citizens should know Kazakh, Russian and English; switching to the Latin script will ease adopting widely used global terminology]

[President Nursultan Nazarbayev] As a result, all our graduates will master the three languages on the level necessary for life and work in the country and beyond. Then we will become a real civil society. A human being of any ethnic background will be able to choose any work, and even may be elected as the country's president. Kazakhstan's people will become one nation.

[Passage omitted: IT technologies should be applied in education system; medical insurance is to be further introduced; pensions will be tied to work experience; summary of increases in pensions and other benefits in 2017]

Effective state governance

Eighth: Effective state governance

[President Nursultan Nazarbayev] We will have to reduce state governance costs for entrepreneurs and the population. In this connection we have to speed up the adoption of a law aimed at deregulating business. It is necessary to digitise state support processes for businesses and apply the principle of "one window".

[Passage omitted: business climate should be improved in regions]

[President Nursultan Nazarbayev] While introducing new technologies, the state and companies have to make sure their information systems and devices are reliably protected. Today cyber security includes not only information protection but also the access to the management of production and infrastructural facilities. This and other measures should be reflected in Kazakhstan's National Security Strategy.

Fight against corruption

Ninth: The fight against corruption and the rule of law

We will continue our preventive fight against corruption. We are doing a great deal of work [in this direction]. Over 2,500 people, including senior officials and directors of state-run companies have been convicted of corruption just over the past three years. They reimbursed around 17m tenge [around 51m dollars] for the damage that they had inflicted.

[Passage omitted: further reforms are being carried out in the judicial and law-enforcement system]

Smart cities

Tenth: Smart cities for the smart nation

The year 2018 will mark the 20th anniversary of our capital Astana. We are proud of its development and entry to the number of the most important centres of Eurasia. Modern technologies provide effective solutions for the fast-growing megalopolis. We have to introduce the management of the city on the basis of the "smart city" notion and develop the competence of people who are moving to the city. The world has understood that it is the cities which compete for investors. They do not choose a country, but a city where they can live and work comfortably.

That is why it is necessary to form an exemplary "smart city" standard on the basis of Astana's experience and disseminate the best practices and share experience between cities and towns of Kazakhstan. "Smart cities" will become a driving force for developing the regions, disseminating innovation and enhancing living standards throughout the country. These are the 10 tasks, and they are clear and comprehensive.

Dear people of Kazakhstan!

Thanks to the political and public accord we have started the modernisation of the economy, politics and consciousness. We have given an impetus to a new stage of technological and infrastructural development. The constitutional reform has set a more precise balance between the branches of power. We have unfolded the process of renewing the national consciousness. In fact, these three basic directions are the systemic triad of Kazakhstan's modernisation.

In order conform to the new times, we will have to unite in one nation - the nation which stands on the eve of a historic ascent under the fourth industrial revolution.

Source: Kazinform, Astana, in Russian 1200 gmt 10 Jan 18

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[***-Speech by Akinwumi A. Adesina, President of the African Development Bank at the Gala Dinner during the State Visit to Niger, September 26, 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PKK-T1Y1-JD3Y-Y25V-00000-00&context=1516831)

ENP Newswire

September 29, 2017 Friday

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**Length:** 1296 words

**Body**

Speech by Akinwumi A. Adesina, President of the African Development Bank at the Gala Dinner during the State Visit to Niger, September 26, 2017.

Prime Minister, Head of Government,

Distinguished Ambassadors and Heads of Diplomatic Missions,

Ladies and Gentlemen, members of the Government,

Excellencies, Ladies and Gentlemen,

Allow me to thank the Prime Minister and the Government of Niger for having raised me to the rank of Grand Officer in the Order of Merit of the Republic of Niger on behalf of the President of the Republic. You all surprised me - I had no idea, it may be better that way - but it is a great honour that you have afforded to me.

On behalf of the African Development Bank, I would like to thank His Excellency Mr. Issoufou Mahamadou, President of the Republic, for this State visit.

Thank you, Mr. Brigi Rafini, the Prime Minister, for all your hospitality and the excellent meeting today with the members of the cabinet.

I congratulate you on the passage of the government budget yesterday. And I know the Minister of ***Planning***, Governor of the Bank, was so thrilled she could not hide her excitement as she announced this to me at 1:30 am when she met me at the airport.

I applaud all the efforts of the government on ensuring political stability since the elections of 2016. This stability is what has allowed Niger to overcome major challenges that it has faced.

Leadership is not for the weak or feeble-minded. In tough times, leaders always arise. That's what the President has done in the face of the brutal terrorist attacks that have faced the good people of Niger from the ruthless Boko Haram.

I know it has taken a heavy toll on you: we are saddened by the loss of lives of innocent people by these senseless terrorist attacks. Your government has had to increase the share of its military spending to 10% of the national budget. This of course has reduced the public expenditures for much-needed social services, schools, hospitals, electricity, roads and support to farmers.

The African Development Bank salutes the gallant armed forces of Niger, Nigeria, Chad and Cameroon for their bravery and successes in defeating the terrorist insurgencies. There cannot be any development without security. And the private sector will never invest in an environment of fear, panic and uncertainties.

I want to assure you that the African Development Bank stands with you, firmly in your battle for freedom, peace and stability of Niger and the entire Lake Chad region.

You've also faced major macroeconomic shocks which have affected your economy, with the sharp decline in the price of crude oil, gold, iron, uranium, all of which Niger depends on.

Nonetheless, Niger has done every well in a difficult economic environment. Niger achieved an economic growth rate of 5.7% in 2017 and expects growth to rise to 6.7% next year.

Niger also had one of the top 10 highest economic growth rates in Africa last year. I commend the government for its continued efforts to liberalize, and the reforms to support greater private sector participation, for the private sector is the engine of growth.

The African Development Bank has been a ***strategic*** partner with Niger in its drive to raise its economic growth and achieve inclusive development.

The Bank has been investing in Niger since 1970. That means that the African Development Bank and Niger have been married for 47 years. And any marriage that's lasted for 47 years is a very good marriage.

Since then the Bank has invested over $ 1.2 billion in Niger. Currently the Bank's investment totals over $ 580 million, with 40% in ***agriculture***.

I know a lot about ***agriculture*** in Niger because I did my Masters and PhD theses on Niger, and lived in Maradi. So I am from Niger. President Issoufou often jokes with President Buhari that I am from Niger, but happened to have added 'ia' to become someone from Nigeria! I feel very much at home in Niger.

I applaud the efforts of the government with its 3N initiative: Nigeriens must feed Nigeriens.

Your ***programme*** fits very well with the focus of the Bank to Feed Africa. The Bank will invest $ 24 billion into ***agriculture*** in the next ten years to help turn ***agriculture*** into a business across Africa, to create wealth and make millionaires in Africa.

That's why I am very excited about the Kandadji dam and its potential for ***agriculture***. The African Development Bank is investing over $ 176 million in the dam, as the lead partner, supported by the World Bank and the French Development Agency. When completed, the Kandadji dam will irrigate 45,000 ha. It will turn Niger into a food basket, right in the middle of the Sahel. It will ***produce*** 40,000 MT of cereal, 50,000 MT of vegetables, 10,000 litres of milk, about 750 tons of meat.

We all must put our hands together and make this project happen much faster. Let us turn Niger into a food basket. This project cannot be completed by 2030, that's too late. We've got to do it in less than 10 years. I want to assure you that the Bank will give even higher levels of support to this effort.

When I worked here, electricity access was a problem. I am surprised the situation remains the same, with only 10% of the population with access to grid electricity, and only 1% of the rural population with access to electricity.

We must change this.

Niger cannot develop in the dark. That's why - with its partners - the Bank strongly supports the efforts to generate 300 MW from Kandadji. The Bank will work with the Japanese Government, through its joint partnership on the Japan-Africa Energy Facility to support Niger to fully unlock its capacity to ***produce*** energy from clean coal, from coal it has in abundance.

With 600 MW we can ***produce*** from the Sakaldamna coal project, Niger can fully light up and power itself 100%. The African Development Bank will also support Niger to roll out a massive system of grid power that relies on solar to tap into its abundant solar potential.

As you know, the top priority of the Bank is to light up and power Africa and ensure universal access to electricity in Africa within a decade. The Bank will invest $ 12 billion in the energy sector in the next five years and help leverage $ 46-50 billion.

And just to be clear: lack of electricity promotes terrorists. Terrorists operate better in darkness. So, light up and power Africa, and we'll get rid of terrorists.

I am delighted to announce that the African Development Bank has just opened a full country office in Niger. We are here in Niger permanently to continue our development marriage to bear more fruits.

Our commitment is reflected in our allocation of African Development Fund to Niger, which increased from $ 176 million in ADF 13 to $ 260 million in ADF 14. And we provide an additional $ 84 million from facility for fragile states.

And we will do more.

My trip here to meet with the President, Prime Minister and government, and with development partners and private sector, is to send a strong signal: The African Development Bank stands fully in support of Niger and we are here to stay and work with other partners to help this beautiful country unlock its full economic potential.

Thank you so much, Mr. Prime Minister, for hosting me at this lovely gala dinner. You brought back all the wonderful memories of when I was a young student doing my research in Maradi. And you can at least say the 3N ***programme*** is not just about Nigeriens feeding Nigeriens, but that Nigeriens fed a Nigerian!

I now raise my glass to toast to your good health, success of the government, peace and stability and economic progress of Niger and its people - and to a more prosperous development marriage between the government of Niger and the African Development Bank - your own Bank!

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***Rising oil prices and economic diversification initiatives in Oman boost GDP growth and lower deficit***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74C3-00000-00&context=1516831)

Oxford Business Group: Articles

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**Length:** 4795 words

**Body**

Oman's economy benefits from large oil and gas reserves, including a sizeable new gas field that began production in late 2017. Located between Asia and Africa - and adjacent to major international shipping routes - the sultanate's geographic location also makes it a natural regional logistics and manufacturing hub. The authorities are seeking to leverage such advantages in order to diversify the economy and reduce its reliance on hydrocarbons production, particularly in light of the fall in the price of oil over the 2014-15 period. The consequent decline in oil revenue negatively affected growth, as well as government accounts and finances.

However, the authorities have so far been able to fund the deficit without difficulty through international borrowing. Furthermore, a partial oil price recovery in 2017 and 2018 - with Brent crude reaching $70 per barrel in early 2018, hovering near a three-year high - as well as moves by the government to cut expenditure and boost revenue, are reducing immediate pressure on finances.

There are hopes that an economic diversification strategy, which is the ninth five-year development ***plan***, running from 2016 to 2020, will help pick up any remaining slack in the coming years.

**Gdp Breakdown**

According to figures from the sultanate's National Centre for Statistics and Information, oil and gas production accounted for 27.1% of GDP in 2016, ***agriculture*** and fishing made up 1.9%, industry 21% and the services sector 53.7%. The figure for services includes public administration and defence, which comprised 14.4% of output.

The contribution of hydrocarbons to economic output has fallen in recent years as a result of the oil price fall - and, to a lesser extent, growth in non-oil sectors - from 46.4% in 2014 to 27.1% in 2016. However, as oil prices moderately recovered, its contribution to GDP rose in the first half of 2017, to 32.5%. Nonetheless, the government is working to increase the role of the non-oil economy through ambitious diversification ***plans***, with a focus on logistics, tourism, fishing, mining and manufacturing.

**Growth**

Macroeconomists tend to focus on real GDP growth - which is calculated by looking at growth in each major sector on a constant-price basis - as the main measurement of a country's economic expansion, in order to account for the effects of inflation and to determine increases in the volume of economic output. In these terms, Oman's economy has been growing at a relatively stable rate in recent years, at 2.5% in 2013, 4.2% in 2015 and 3% in 2016. In the October 2017 update of its World Economic Outlook database, the IMF forecast the figure would fall to -0.02% in 2017 but rebound to 3.7% the following year.

However, nominal GDP growth, which is denominated in current prices, is arguably a more informative metric for countries dependent on hydrocarbons exports, such as Oman, as changes in the value of oil production reflect real changes in their ability to purchase goods from abroad, rather than exaggerating economic expansion, as other types of inflation are sometimes prone to do.

The high degree of dependence on hydrocarbons for economic growth has meant that swings in the international price of oil cause similarly volatile nominal growth in Oman. For example, GDP growth veered from 44.7% in 2008 to -20.5% the following year. It returned to double-digit figures in the first three years of the 2010s, averaging 16.6%, on the back of substantial oil price rises, before flattening out in 2013 and 2014, at 2.9% and 2.7%, respectively.

Following a dip in the price of oil that began in mid-2014 and gathered pace in 2015, nominal GDP contracted by 13.8% in 2015 and by a further 5.1% the following year, with the value of oil and gas production dropping from OR14.5bn ($37.7bn) in 2014 to OR6.97bn ($18.1bn) in 2016. This was solely due to falls in the value of oil production; gas output rose in value from OR1bn ($2.6bn) in 2014 to OR1.23bn ($3.2bn) in 2016. The non-oil sector saw growth over the period, of 2.8% in 2015 and 2.6% in 2016.

However, oil prices began to rebound from early 2016 onward, and saw another rally at the end of 2017 and beginning of 2018, helping put nominal growth back on a positive track, with the sultanate's GDP expanding by 12.3% in nominal terms in the first half of 2017, according to data from the National Centre for Statistics and Information. The growth was driven largely by a 42.3% rise in oil production value, to OR3.58bn ($9.3bn), or 27.6% of GDP. The value of industrial output was more or less flat, with growth of 0.1%, while the services sector expanded by 6%, driven by growth of 13.5% in the wholesale and retail trade segment, and 7.8% in transport, storage and communications. The IMF forecast that nominal growth for the year as a whole would stand at 8.5%, slowing to 4.6% in 2018.

**Inflation**

Inflation spiked in 2008, hitting 12.6%, but fell sharply in subsequent years, bottoming out at 0.1% in 2015. The indicator has risen since then but remains at low levels, standing at 1.1% in 2016 and 1.7% in December 2017. The consumer price index rose by an average of 1.58% in the first 11 months of 2017, according to data from the National Centre for Statistics and Information. Food and non-alcoholic beverage prices were up 0.42% over the period, with positive numbers throughout the second half of the year. The IMF expects annual average inflation to stand at 3.2% for the year as a whole and to remain at this level in 2018.

**Population Size & Gdp Per Capita**

The national population stood at 4.65m as of January 2018, according to figures from the National Centre for Statistics and Information. Of the total, 54.8% was made up by Omani nationals, and expatriates comprised 45.2%. According to World Bank data, the population grew by 5.2% in 2016, the fastest rate of any country in the world.

GDP per capita stood at $14,982 in 2016, according to figures from the bank, down from $16,627 the year before and a recent peak of $22,135 in 2012. The figure was the lowest among GCC states, albeit more than double the MENA average of $7125, and less than the OECD average of $36,741. However, a relatively low cost of living in Oman means that residents are, in practice, substantially wealthier than such figures imply: in purchasing power parity terms - that is, taking into account what a given amount of money can actually buy in the country in question, compared to other countries - the country had a GDP per capita of $42,737 in international dollars in 2015, above the OECD average of $41,730.

**Labour Force**

The size of the employed workforce stood at 2.25m in 2016, according to figures from the National Centre for Statistics and Information, of which 89.6% were working in the private sector. Private sector employment growth has outstripped that of the public sector in recent years, expanding by 35.9% between 2012 and 2016, compared to 20.1% for the public sector over the same period. Private sector employment is dominated by expatriates, who accounted for 88.4% of these workers in 2016. By contrast, citizens of Oman accounted for 83.9% of the 234,000-strong workforce in the public sector in 2016.

There were 1.86m expatriates working in the sultanate as of December 2017, according to National Centre for Statistics and Information figures, an increase from 1.85m at the beginning of the year. At 1.65m individuals, or 88.7% of the total, expatriate workers are overwhelmingly male. Furthermore, they come predominantly from South Asia; citizens of India, Bangladesh and Pakistan together account for 87.2% of the expatriate workforce.

The female labour force participation rate was 30.2% in 2017, according to World Bank figures. This rate was the second lowest in the GCC but above the MENA average of 23.2%. In December 2017, 8.9% of seats in national Parliament were held by women.

**Unemployment**

Unemployment has risen slightly in recent years, according to International Labour Organisation data. The body estimated the rate stood at 17.8% in 2017, up from 16.9% in 2014. The figure had previously been steadily decreasing from a peak of 19.5% in 2007. Youth unemployment - for individuals between 18 and 24 years of age - is a particularly substantial challenge, recorded at 52.7% in 2017, up from 45.3% in 2014.

Efforts to boost employment opportunities centre, in part, on strategies to develop small and medium-sized enterprises (SMEs). In May 2017 the publicly owned Oman Development Bank announced that a OR70m ($181.8m) fund it launched the previous February to support SMEs would tackle unemployment through low-interest loans that applicants would not need to start repaying for 12 months.

The government-backed Al Raffd Fund for entrepreneurship also focuses on youth and unemployment; 83% of the financing it has provided since its founding in 2013 has gone to 18- to 45-year-olds, and its Tasees financial ***programme*** (one of four it offers) specifically targets jobseekers willing to start their own businesses. Since the end of 2015 banks have also been required to dedicate 5% of their loans to the SME segment, though the target has yet to be reached (see Banking chapter).

**Foreign Trade**

Oman has historically recorded substantial surpluses as regards trade in merchandise goods. The surplus peaked at OR9.24bn ($24bn) in 2012, as a result of high oil prices at that time. The value of exports peaked the following year, at OR21.7bn ($56.4bn). However, export values have fallen sharply since, hitting OR10.3bn ($26.8bn) in 2016, their lowest level since 2007. Imports also fell in value, allowing the country to maintain a continued - though narrower - merchandise goods trade surplus of OR1.4bn ($3.6bn).

The value of Omani exports (including re-exports) grew 17.8% year-on-year in the first half of 2017, to OR5.84bn ($15.2bn). This was largely driven by a 32.4% rise in the value of oil and gas exports, to OR3.46bn ($9bn), or 59.4% of total exports. Such hydrocarbons exports were dominated by crude oil sales, up 32.2% to OR2.91bn ($7.6bn).

The growth of non-oil exports outpaced that of general exports, up 26.7% at OR1.68bn ($4.4bn), largely driven by rises in the value of mineral, chemical and metal exports (up 43.6%, 36.7% and 33.8%, respectively). Re-exports, in contrast, fell in value, to OR788.3m ($2bn), a drop of 27.6%, while imports grew by 16.6% to OR4.93bn ($12.8bn).

The UAE was the largest non-oil export market in the first half of the year, on sales of OR358.5m ($930.9m), followed by Saudi Arabia (OR244.9m, $635.9m) and India (OR151.4m, $393.1m). The UAE was also its largest re-export and import market, on figures of OR283.8m ($736.9m) and OR2.05bn ($5.3bn), respectively. However, much of the imports figure is likely to be made up of re-exports rather than goods originating in the UAE. This put the UAE ahead of the US at OR587m ($1.5bn) and China with OR246.8m ($640.9m) of imports over this period. The country's largest oil export market in the first 10 months of 2017 was China, with 172.1m barrels, followed by India with 24.4m.

Imaad Al Harthy, acting deputy CEO of the Export Credit Guarantee Agency of Oman (also commonly known as Oman Credit), told OBG that historically, the sultanate's export markets had been geographically constrained, but that it was now seeking to expand and export to countries further afield. Key targets include Ethiopia and Iran, which he said could respectively act as gateways to East African and Central Asian markets. Other target markets include Brazil, China and the UK.

Measures being taken by the agency to boost exports generally include targeted support for the SME segment, for which the Export Credit Guarantee Agency of Oman has developed a service to provide collateral for financing. Al Harthy told OBG that obtaining such funding was the main challenge such smaller firms faced when trying to bring goods to export. In April 2017 the agency also launched a new scheme to support re-exporters.

Other measures to bolster trade include the launch by the sultanate's Customs department in mid-2015 of Bayan, a single-window electronic Customs clearance service. These and other measures have facilitated trade in recent years, with the sultanate's position in the World Bank's "Doing Business" report in the trading across borders category improving from 49th out of 190 countries in the 2013 edition to 11th in the 2018 edition.

**Current Account**

Having remained in surplus since 2010 and peaking at 13% of GDP in 2013, the sultanate's current account balance moved into the red in 2015, to the tune of 15.5% of GDP, as a result of the decline that year in international oil prices. The deficit expanded in 2016, to 18.6% of GDP, according to figures from the IMF.

However, amid a partial recovery in oil prices, the fund expected the deficit-to-GDP ratio to improve in 2017, to 14.43%, and to gradually continue easing over subsequent years. Hettish Karmani, head of research at Ubhar Capital, an investment firm headquartered in Oman, said that increasing levels of economic diversification will help to improve public accounts in the coming years, even in the absence of a full oil price recovery. Bader Al Nadabi, executive director at Al Hae'l Ceramic Company, voiced further support of these endeavours. "While the economic slowdown has undoubtedly brought some hardships, it has given an important boost to the diversification drive, as it has underscored the dangers of relying on oil," he told OBG.

**Foreign Exchange System**

As is the case in most GCC states - with Kuwait a partial exception, aligning the dinar to a basket of currencies - the Omani rial is pegged to the US dollar, at a rate of $1:OR0.3849. This has been in place since 1986.

The aftermath of the 2014-15 oil price dip caused some to worry that Gulf countries, including Oman, could struggle to maintain these pegs. "Certain market commentators expressed concerns about regional GCC pegs holding against the US dollar," Lloyd Maddock, CEO of Ahlibank, told OBG in October 2017. "However, such fears abated in light of the governments' initiatives to diversify their economies, curb spending and subsidies, introduce a value-added tax and avail themselves of international funding, coupled with the modest rise in oil prices." In September 2017 the Central Bank of Oman publicly reiterated its commitment to the peg system, saying the rial was not facing significant pressure in foreign exchange markets.

**Investment Inflows**

Inward foreign direct investment (FDI) stock in the sultanate totalled OR7.4bn ($19.2bn) in 2016, up OR800m ($2.1bn) over 2015, according to Omnivest. The UK was the largest foreign investor, accounting for around 46% of the total, and hydrocarbons was the leading sector, attracting 48% of total FDI.

FDI inflows have decreased in recent years, in part resulting from the fall in the international price of oil, which prompted some investment outflows. According to figures from the UN Conference on Trade and Investment, total FDI inflows were $142m in 2016, after averaging $1.53bn in the 2011-14 period. This performance was, nonetheless, an improvement over 2015, when the country had negative inflows of $2.69bn. FDI inward stock stood at $18.55bn in 2016, an increase from $14.99bn in 2010.

**Doing Business**

The sultanate ranked 71st out of 190 countries in the World Bank's "Doing Business 2018" report, which measures the ease of doing business across a range of categories and various metrics. The country's relative position has fallen in recent years, from 47th in 2013. Its strongest performance in the 2018 edition was in the trading across borders category, in which it ranked 11th, while its weakest was in the protecting minority investors category, in which it came 133rd.

Improvement in these metrics - particularly in protecting minority investors - will be a crucial part of development. "Oman's diversification efforts must include initiatives that improve the ease of doing business and support SMEs," Redha Juma Mohammed Ali Al Saleh, vice-chairperson for administration and finance affairs, and chairperson of financial, banking and insurance committees at the Oman Chamber of Commerce and Industry, told OBG.

**Investment Law**

Moves to bolster FDI and improve the business environment include ***planned*** changes to key investment legislation. The government, in cooperation with the World Bank, has been drafting a revised version of the country's Foreign Capital Investment Law since 2015, and some reports have suggested that the new version could see a relaxation or even the abolition of the 70% foreign ownership cap currently applied to onshore companies in most sectors. Such restrictions are common in the region, and indeed Oman's local ownership requirements are on the low side, with some states requiring majority-local ownership.

In April 2017 the Central Bank of Oman confirmed that ***plans*** to revise the law remained in place, though it did not comment on the content of the ***planned*** changes. Karmani told OBG that foreign ownership limits might be relaxed, which he said would help in attracting more investment. Other industry players also believe that relaxation of these requirements would yield positive results for the economy.

**Energy**

Oil production fell by 3.7% in the first 10 months of 2017 to an average of 970,000 barrels per day, from record levels of 1m during the same period a year earlier. The drop followed an agreement reached in December 2016 by the Organisation of the Petroleum Exporting Countries, of which Oman is not a member, and other oil exporters to collectively cut output in order to support international oil prices. In late November 2017 the countries agreed to maintain the cuts to the end of the following year, the second extension agreed upon.

Gas production, by contrast, is expected to have risen substantially in 2017, with September witnessing the launch of production several months ahead of schedule at the Khazzan gas field. The lead partner in the project is UK oil major BP on a 60% stake; the other 40% is held by the state-run Oman Oil Company Exploration and Production. The field should ***produce*** a total of 297bn cu metres of gas across two phases. Under the initial phase, which is due to come fully on-stream in 2018, production will be around 28.3m cu metres per day, boosting national output by one-quarter. This will rise to 42.5m cu metres under the second phase.

Hamid Hamirani, senior economist at the Office of the Minister Responsible for Financial Affairs, described the launch of the field as a game-changer. "One of the old challenges for the economy was a lack gas availability for industry. However, Khazzan can now help to fill that gap," he told OBG. He added that this would provide the country with better margins than selling the gas abroad, given what he described as the current oversupply of international energy markets. However, he said that some of the gas would initially have to be exported, while industrial projects using it as feedstock are developed.

**Diversification *Plans***

Diversifying the economy away from hydrocarbons is a core element of development ***plans*** and has been given added impetus by declining oil prices. Under the ninth five-year development ***plan***, the authorities launched the National ***Programme*** for Enhancing Economic Diversification, or Tanfeedh (which translates to "implementation"), in early 2016. The ***programme***, inspired by Malaysia's efforts to diversify its economy, has a particular focus on five sectors: manufacturing, logistics, tourism, fisheries and mining. It will follow eight steps, the fifth of which - the implementation phase - is set to begin in 2018.

Pankaj Khimji, director of Omani conglomerate Khimji Ramdas, told OBG he thought that the ***programme*** had been well conceived, focusing on some areas of the economy with high growth opportunities, and that these would start to make significant contributions to GDP from around 2020 onward. Awad bin Mohammed Bamkhalif, CEO of Oman & Emirates Investment Holding Company, echoed the potential of the initiative. "I hope that the Tanfeedh ***programme*** lives up to its namesake and leads to the swift execution of diversification efforts, as it is now more important than ever," he told OBG.

Other initiatives that are supporting the sultanate's diversification efforts include the 2014 founding of Muscat National Development and Investment Company, which is also known as ASAAS. The organisation is jointly owned by 10 government institutions and is mandated to invest in the tourism, health care, retail, and logistics and transport sectors. The firm has a primary intention to act as a partner to foreign investors with investment horizons in the region of five years, helping, for example, to approve local administrative measures.

ASAAS has focused on travel and tourism, which are ripe for further development, benefitting from Oman's long coastline, year-round warm temperatures and geographically diverse interior, which affords numerous opportunities for outdoor activities and adventure sports. Initiatives by ASAAS in the sector include its establishment of the sultanate's first budget airline, SalamAir, which launched its maiden flight in January 2017, and ***plans*** announced in late 2016 for a 1.5m-sq-metre leisure and entertainment cluster to be built in Barka. The entity had invested OR100m ($260m) in the industry as of early 2018, and there are ***plans*** to raise this by a factor of 10 over the next decade.

**Mining**

OBG spoke with several observers who identified mining as a particularly promising sector. Interest in the industry is expected to increase in the wake of a soon-to-be-revised mining law. Among other measures, this will establish a one-stop shop for operators seeking mining licences, and will lengthen licence periods. In October 2017 the authorities announced they would unveil a new strategy to develop the sector in 2018. "Oman is rich in natural resources such as chromite, copper and building material aggregates. Currently, however, mining is mostly focused on lower-margin bulk minerals such as limestone and gypsum," Maddock told OBG. "The new mining law is eagerly awaited and it should facilitate more investment in the sector by international players partnering with local mining operators. A UK consultancy, SRK, is currently preparing recommendations for sector development, after which the new regulations will be announced."

**Special Economic Zones**

A key element of the sultanate's long-term diversification ***plans*** is a network of free zones at the ports of Sohar and Salalah, and at Al Mazunah near the Yemeni border. Such zones offer benefits, including 100% foreign ownership, reduced Omanisation requirements, 10-year corporate tax holidays and exemptions from Customs duties. The Sohar and Salalah free zones are operated by companies under Asyad, a holding company responsible for grouping state-owned companies, formerly known as the Oman Global Logistics Group until a rebranding in mid-2017.

Another major investment hub is in development, in the form of a port and special economic zone at Duqm, located approximately midway along the coast between Muscat and Salalah. The area's regulatory framework is more detailed than those of the free zones, and allows the free zone authority to issue its own secondary legislation in areas such as land rights, Customs duties and licensing, but otherwise offers broadly similar incentives and exemptions to investors. Port and dry-dock facilities have already been completed at the site. Headline investment projects at the zone include the eventual construction of a 230,000-barrel-per-day refinery by a 50:50 joint venture between Oman Oil Company and Kuwait Petroleum, a partnership agreement for which was signed in April 2017.

The zone is also attracting large-scale investment from China. Both Duqm specifically and Oman in general are strategically located across the Gulf of Oman from the Pakistani port of Gwadar, which makes up one end of the China-Pakistan Economic Corridor, a series of infrastructure projects throughout Pakistan under the wider agenda of China's Belt and Road initiative. Oman is also well located to serve as a gateway to both the Middle East and East Africa for Chinese firms.

Oman Wanfang, a consortium of six Chinese companies from the country's northern Ningxia Hui Autonomous Region, is developing a Chinese-Omani industrial park in the city, in which it says Chinese firms intend to eventually invest a total of $10.7bn. A $138m construction materials storage facility is due to be completed at the facility by early 2019, to be followed by a methanol plant, built at a cost of $2.8bn, among nine projects in total.

The authorities ***plan*** to develop the port and special economic zone into a major regional logistics and trans-shipment hub. A key advantage in this respect is its geographic location: it is closer to international shipping lines in the Indian Ocean than ports located inside the Straits of Hormuz. Being situated outside this area also means that ships docking there are not at risk of being affected by any closure of the straits - through which a substantial portion of the world's oil is transported - reducing insurance costs. "Duqm's ***strategic*** location, with deep waters and proximity to international shipping lines, is a big attraction, as are tax breaks available for free zone companies, low prices and less stringent Omanisation requirements," Karmani told OBG. "Oman also has good relations with everyone, and low levels of political and conflict risk, which gives investors a sense of security."

**Regional Ties**

Another major potential investor in Duqm and Oman more generally is Iran. Underscoring this, in January 2016 Iran Khodro Industrial Group, the country's largest carmaker, signed a memorandum of understanding to conduct a feasibility study on the construction of a $200m vehicle-assembly facility in the Duqm Special Economic Zone. The announcement came against the backdrop of wider hopes for increased trade and investment ties between the two countries in the wake of the 2015 international agreement to resolve the dispute over Iran's nuclear ***programme***, which Oman helped forge by hosting preliminary secret talks between Iran and the US.

**Increased Trade**

Such hopes have partly come to fruition, with trade between the two countries nearly doubling from $650m in 2015 to $1.2bn in 2016. However, US President Donald Trump has voiced disapproval of the nuclear deal, and some US sanctions that remained in place following the conclusion of the deal effectively restrict banks' abilities to deal with Iran, which has made it difficult for local banks to move money to and from the country. Nevertheless, the Omani government reiterated its desire to strengthen trade ties with Iran during a visit by Yusuf bin Alawi bin Abdullah, Oman's minister of foreign affairs, to Tehran in July 2017.

The sultanate has also made efforts to maintain good relations with its neighbours and increase trade with Qatar in the wake of the economic blockade of the country imposed by the UAE, Saudi Arabia, Bahrain and Egypt in June 2017. "The commercial relationship between Oman and Qatar strengthened in 2017," Osama Maryam, CEO of Al Hosn Investment Company, told OBG. "Qataris have now become especially interested in investing in Oman's education, mining and food sectors, among others."

Omani-Qatari trade grew approximately 20-fold in the three months following the imposition of the economic embargo, as Qatari logistics firms shifted their operations from Dubai - where most Qatar-bound cargo stops to be transferred from larger vessels onto smaller ships - to Oman, with a particular focus on the Port of Sohar.

**Outlook**

The post-2014 fall in oil prices is likely to see the economy remain under pressure in the coming years. Government finances will feel a pinch as debt repayments kick in from 2019 onward. However, the partial recovery in prices in 2017 and 2018, as well as successful moves to bring down the fiscal break-even oil price through spending cuts and tax rises, will reduce such pressure in the months and years ahead. The implementation of these measures will need to be carried out in a way that continues to support growth (see analysis). "Given that Oman's private sector has not yet reached the maturity level of those in more advanced economies, there should be a fair balance between increases in corporate and consumption taxes," Stephen Thomas, CEO of Renaissance Services, an Omani offshore vessel fleet support services firm, told OBG.

Over the longer term, moves to diversify the economy look set to develop various non-oil sectors, and bolster the sultanate's status as a regional transport and logistics hub. This is expected to boost employment, non-oil exports and government revenue.

**Load-Date:** March 12, 2020

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[***Pakistan - Q3 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SF1-TW01-JD33-J154-00000-00&context=1516831)

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**Highlight:** Pakistan's power sector is operated by the Water and Power Development Authority and Karachi Electric Supply Company, with additional generation contributed by independent power ***producers***. WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.

**Body**

Pakistan's power sector is operated by the **Water and Power Development Authority** (WAPDA) and **Karachi Electric Supply Company** (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.In 1992, a ***strategic*** ***plan*** for restructuring the Pakistani power sector was approved by the government. As a part of the process, WAPDA was restructured into 14 public limited companies under corporate law. Progress includes the creation of **Pakistan Electric Power Company** (PEPCO) as a private limited management company owned by the government to steer, manage and oversee the reform ***programme***. The 14 sub-companies comprise four thermal generators, one national transmission company and nine regional distribution entities.In a bid to accelerate structural reforms in the power sector, the government has decided to establish an entity to consolidate policymaking for all power generation companies for an interim period. The board of directors for the holding company, known as the **Central Power Purchase Authority** (CPPA), comprises representatives from the government, private generation companies, distribution companies, and end-users.

The CPPA replaces Pakistan's main utility PEPCO in the areas of metered billing to, and collection from, the private sector. The CPPA would not have the authority to interfere in the operational independence and financial autonomy of private generation companies.Water And Power Development AuthorityThe power arm of WAPDA covers generation, transmission and distribution and has been restructured into 14 public limited companies. These include four generators: **Southern Power Generation Company Limited** (GENCO-1) based in the Jamshoro district in Dadu, near Hyderabad, Sindh; **Central Power Generation Company Limited** (GENCO-2) based in the Guddu district in Jacobabad, Sindh; **Northern Power Generation Company Limited** (GENCO-3) based in the TPS Muzaffargarh district in Muzaffargarh, Punjab; and **Lakhra Power Generation Company Limited** (GENCO-4) based at the WAPDA headquarters in Lahore.GENCO-1 has installed capacity of 850 megawatts (MW) of thermal generation (oil- or dual oil/gas-fired) at Jamshoro and GTPS Kotri has 174MW of dual oil/gas-fired capacity. GENCO-2 has 1.4 gigawatts (GW) of installed generating capacity fired by gas, fuel oil or diesel. GENCO-3 has 1.3GW of gas/oil-fired plants, plus the dual-fuelled Multan 130MW site and the 190MW Faisalabad complex. GENCO-4 has 120MW of coal-fired capacity at Lakhra.The central transmission entity that operates the national grid is **National Transmission And Power Dispatch Company** (NTDC). There are nine distribution companies: **Lahore Electric Supply Company** (Lesco); **Gujranwala Electric Power Company** (Gepco); **Faisalabad Electric Supply Company** (Fesco); **Islamabad Electric Supply Company** (Iesco); **Multan Electric Power Company** (Mepco); **Peshawar Electric Power Company** (Pesco); **Hyderabad Electric Supply Company** (Hesco); **Quetta Electric Supply Company** (Qesco); and **Tribal Electric Supply Company** (Tesco).The transmission system controlled by WAPDA connects the country's power stations and load centres as a national grid network, with hydropower supply in the north and thermal generators in the middle and south of the country linked to more than 10mn customers nationwide. The NTDC carries out design, maintenance and operation of a network of secondary transmission lines and grid stations throughout the country. This system consists of 50,461km of transmission lines - including 500 kilovolts (kV), 132kV and 66kV - and 615 substations, as of 2009. The NTDC also operates and maintains 12 grid stations ***producing*** 500kV and 26 grid stations ***producing*** 220kV.Karachi Electric Supply CorporationIncorporated in 1913, KESC is the only fully integrated power utility operator - with exclusive franchise rights for Karachi and its adjoining areas. Unlike WAPDA, post-privatisation KESC is still an integrated electrical utility company engaged in generation, transmission, distribution and retail supply of electricity to industrial, commercial, ***agricultural*** and residential consumers within its franchised area (6,000 sq km). The company is currently listed on all three of Pakistan's stock exchanges but **Abraaj Capital,** a private equity firm based in Dubai, is the major stakeholder and has full management control.Electricity and gas shortages in Karachi continue to be widespread, as the company remains unable to collect dues from its non-paying customers. This has resulted in a large deficit in its cash flow and inability to secure gas supplies to sell to consumers. The National Energy Policy 2013-2018, however, includes ***plans*** for the privatisation of public power firms, as well as revamping WAPDA and the other relevant authorities.

**Load-Date:** May 28, 2018

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[***Washington: U.S Engagement in the Western Hemisphere***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJN-M081-JDG9-Y1RH-00000-00&context=1516831)

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**Body**

Washington: U.S Department of State Diplomacy in Action has issued the following news release:

Thank you, thank you so much. And thank you, Greg, for that very kind, warm introduction, inviting me back home today. And I want to thank those at the Clements Center of National Security and the Robert Strauss Center for International Security and Law for hosting the event as well.

As Greg mentioned to you, today does mark my one-year anniversary as Secretary of State. A year ago this time, I had entered the State Department, stood on the steps in the foyer, and had my first chance to have a conversation with my newest colleagues and friends in the State Department about things that are important to me and values that I wanted to bring to the State Department. And it’s been a very busy, whirlwind year, but it’s really nice to celebrate it among friends back home as well. So I’m just delighted to be here.

Of course, it’s always a special honor and pleasure to get to speak at your alma mater, and in particular, an institution that houses the presidential library of one of our most storied Texans to serve in Washington.

LBJ bemoaned, as some of you may know, what he considered an East Coast, elitist approach to foreign policy. He once said, “I don’t believe I’ll ever get credit for anything I do in foreign affairs, no matter how successful it is, because I didn’t go to Harvard.” (Laughter.)

I didn’t either, and worse, I’m an engineer. (Laughter.) But I got one up on LBJ: He didn’t go to the University of Texas. (Laughter.)

I have said before that this University shaped me in so many ways, both personal and professional. An interesting story: When I was a freshman in the Longhorn Band, a group of about one hundred members of the band flew down to Peru for a special mission trip. There had been a major earthquake in Peru, and enormous refugee problem coming out of the mountains into the area of Lima. And a group of Texans went down to help raise money and bring awareness to the situation.

It was an extraordinary trip – interestingly, first passport I got. Went to the passport office, got my first passport, first foreign country I ever visited was with the University of Texas Longhorn Band to Peru. And it was interesting; it was a very successful trip. The band was a huge hit down in Lima, and the U.S ambassador to Peru even expressed he had some concerns that “The Eyes of Texas” was going to replace “The Star Spangled Banner” as the official – (laughter) – anthem at the events. Regrettably, we left for that trip after a loss at the Cotton Bowl, but the Showband of the Southwest won in Peru, I assure you.

So as I look to the coming weeks, when I will return to Peru on my first multi-stop visit to Latin America as Secretary of State, it does feel a bit like coming full circle.

And I’m proud today UT Austin’s Teresa Lozano Long Institute of Latin American Studies, its Mexico Center, and its host of international ***programs*** do contribute to educate students about this very important region of the world.

This trip comes at an important time for the Western Hemisphere. This diverse region – which includes Canada, Mexico, South America, and the Caribbean – is a priority for the United States for reasons other than simply our geographic proximity.

We share an interwoven history and chronology. Our nations still reflect the New World optimism of limitless discovery. And importantly, we share democratic values – values that are at the core of what we believe, regardless of the color of our passport.

And for generations, U.S leaders have understood that building relationships with Latin American and Caribbean partners is integral to the success and prosperity of our region.

In 1889, at the urging of then-Secretary of State James Blaine, the United States hosted the First International Conference of American States – the precursor to today’s OAS, or Organization of American States.

At the beginning of the 20th century, President Teddy Roosevelt visited Panama – the first foreign visit of a U.S sitting president in our history.

And during the 1960s, President Kennedy established the Alliance for Progress – his ambitious ***plan*** to strengthen economic cooperation among the United States and the hemisphere, and to, in his words, “eliminate tyranny from a hemisphere in which it has no rightful place.”

Today, we share these same goals as the visionary leaders before us: to eliminate tyranny and to further the cause of economic and political freedom throughout our hemisphere. As 2018 begins, we have an historic opportunity to do just that.

A few weeks ago, the United States cohosted a ministerial with our counterparts in Canada in Vancouver. Twenty countries joined us to discuss the global threat posed by North Korea.

In April, Peru will host the Summit of the Americas to highlight our region’s commitment to fighting corruption. Two months later, Canada will host the 44th G7 Summit. And at the end of this year, the G20 states will convene in Buenos Aires, the first South American city ever to host.

So in many ways, 2018 marks the year of the Americas. Many of the world’s leaders will be in this hemisphere, and as such, the eyes of the world will turn to the Americas.

So today I want to focus on three pillars of engagement to further the cause of freedom throughout our region in 2018 and beyond: economic growth, security, and democratic governance.

The hemisphere has significant potential for greater economic growth and prosperity. We will build upon the solid foundation of economic cooperation with our Latin American and Caribbean partners. Brazil, for instance, is the region’s largest economy and the ninth largest in the world. The United States is Brazil’s second-largest trading partner, with two-way trade at record highs in recent years totaling more than $95 billion in 2015.

The United States has free trade agreements with 20 countries; 12 of those countries are in the Western Hemisphere. And every year, the United States trades almost $2 trillion worth of goods and services with Latin America and Caribbean nations, supporting more than 2.5 million jobs here at home. Instead of a trade deficit, we actually have a $14 billion trade surplus with the hemisphere.

But today we have an opportunity to further our economic partnership and the prosperity of the peoples in this hemisphere.

An important step to strengthen North American economic prosperity and integration is to modernize the North American Free Trade Agreement, or NAFTA.

I’m a Texan, former energy executive, and I’m also a rancher. I understand how important NAFTA is for our economy and that of the continent. But it should come as no surprise that an agreement put into place 30 years ago, before the advent of the digital age and the digital economy, before China’s rise as the world’s second-largest economy – that NAFTA would need to be modernized.

Our aim is simple: to strengthen our economy and that of all of North America, to remain the most competitive, economically vibrant region in the world.

We appreciate the hard work of our Mexican and Canadian counterparts throughout these negotiations. Last week, we concluded round six, and we will continue to work toward a modernized agreement with another round scheduled next month.

Building greater prosperity by integrating the wealth of energy resources within the hemisphere is an opportunity that is unique in the world to the Americas.

Over the past decade, North America has been leading an energy renaissance.

By 2040, North America is expected to add more oil production to the global markets than the entire rest of the world combined and more gas production than any other single region. The flow of crude oil, natural gas, refined products, and electricity already crosses our borders in both directions, leading to greater reliability, more efficiency, and lower costs to consumers.

Our continent has become the energy force for this century, thanks in large part to rapid expansion in natural gas and tight oil production, and, of course, thanks to some great engineers, many ***produced*** right here at UT.

The rest of the hemisphere can use the North American experience as a model. We see a future where energy connectivity from Canada to Chile can build out and seize upon energy integration throughout the Americas, delivering greater energy security to the hemisphere and stability to growing economies.

South America is blessed with abundant energy resources. Colombia, Peru, Brazil, Guyana, and Argentina all have significant undeveloped oil and natural gas. The United States is eager to help our partners develop their own resources safely, responsibly, as energy demand continues to grow.

Excuse me.

Our hemispheric energy trade is already beginning to meet these needs: 36 percent of U.S liquefied natural gas exports since 2016 have landed in Latin America. That’s more than any other region in the world.

Between now and 2030, Latin America is expected to spend at least $70 billion on new electric power generation plants to fuel economic growth. Many of those plants will be powered by natural gas. The United States should be a substantive and reliable supplier.

By building out a more flexible and robust energy system in our hemisphere, we can power our economies with affordable energy. We can lift more people out of poverty. And we can make our hemisphere the undisputed seat of global energy supply. To support and capture this opportunity requires the opening of more market economies.

The opening of energy markets in Mexico, for example, has led to greater private investment, more competition, and more energy trade with the United States than ever before. Truly, a win-win.

Further south, we are partnering with Central America to strengthen its regional electricity market and modernize its grid. Creating stronger Central American economies by lowering energy cost is critical to building a more secure Central America.

We have the chance to develop an energy partnership that spans the Western Hemisphere, to the benefit of all of our citizens. We cannot afford to squander this moment.

A transition to more market-based economic reforms are not limited to the energy sector. Argentina, under President Macri’s leadership, has made monumental strides in delivering reforms to open the Argentine economy and pursue growth for all Argentinians. Its historically high inflation rate is finally decreasing. GDP is going up, spurred on by investment and soaring consumer confidence.

And one week after the U.S Congress passed landmark tax reform policy, Argentina’s legislature took action to overhaul their tax system as well. All of these efforts are making the second-largest economy in South America ripe for more investment and growth. We hope more countries take a similar path – to help the entire hemisphere grow in prosperity.

But for prosperity to take root, we must create the conditions for regional stability.

Economic development and security reinforce each other. When individuals are living in poverty, a life of crime can look like the only opportunity available to make a living. Legal and illegal immigration increases as people look for more opportunity elsewhere. And innocent people are more likely to become victims of drug cartels, human traffickers, and corrupt law enforcement authorities.

The United States approach is holistic – we must address security and development issues side by side. You cannot expect to have one without the other.

The most immediate threat to our hemisphere are transnational criminal organizations, or TCOs. In their pursuit of money and power, TCOs leave death and destruction in their wake. As humans, weapons, opioids, and other drugs are smuggled, law enforcement and civilians become the targets.

Here at home, Americans do not necessarily see the day-to-day violence that is – violence that is so common in other parts of our hemisphere. But U.S demand for drugs drives this violence and this lawlessness.

We acknowledge our role as the major market for illicit drug consumption and the need for shared approaches to address these challenges. The opioid epidemic we are facing in this country is a clear, tragic representation of how interconnected our hemisphere truly is. Violence and drugs do not stop at our southern border.

That is why we continue to employ a coordinated, multilateral approach to diminish the influence of these groups. It is time we rid our hemisphere of the violence and devastation that they promote.

I co-chair a high-level dialogue with Foreign Secretary Videgaray of Mexico to discuss new and ***strategic*** ways to disrupt TCOs. We must take new approaches to disrupt their business models – models of cartels which operate much like any other business organization that maximizes their value chain from feedstock to manufacturing to distribution to marketing and sales.

The second meeting of our dialogue was held in Washington this past December, which included Secretary Nielsen of the Department of Homeland Security and Attorney General Jeff Sessions, as well as our Mexican counterparts. We also had with us law enforcement representatives from both countries.

Dismantling TCOs is not just a diplomatic issue. Obviously, it requires integrating the skills and expertise of law enforcement to interdict shipments of illegal drugs, attack the revenue streams and the weapons feeding TCOs, and to track down and prosecute the middlemen who enable them.

Close collaboration among multiple agencies – within our own government, and with our international partners – is essential. The way we combat threats to our southern border security is to work collaboratively with Mexico to strengthen Mexico’s southern border.

Through the Merida Initiative – a partnership between the United States and Mexico focused on improving security and the rule of law – the United States is providing assistance to build the capacity of Mexican law enforcement and judicial institutions. By providing inspection equipment, canine units, and training, we equip law enforcement officers with tools to eradicate opium poppy production, tighten border security, and disrupt trafficking activities – not just in drugs but in trafficking of humans. By improving cross-border communications, we make both sides of the border safer.

And our security partnerships extend beyond just our southern border or Mexico’s southern border.

Colombia has been one of our strongest partners in the region. Following decades of long internal battle with Revolutionary Forces of the FARC, Colombia has charted a pathway to peace. We continue to support this sustainable peace, but challenges do remain. Colombia is the world’s largest ***producer*** of cocaine – the source of 92 percent of the cocaine seized in the United States.

Last year, and with U.S support, Colombian police and military forces eradicated 130,000 acres of coca fields – the highest number since 2010. The same year, Colombian forces seized nearly 500 metric tons of cocaine.

There is more work ahead. Regrettably, coca cultivation has skyrocketed in recent years. In 2016, more than 460,000 acres in Colombia were used for coca cultivation – a record. We remain a very – we remain and keep a very open and frank dialogue with the Government of Colombia to address the eradication of this very large feedstock for cocaine and to identify alternative cash crops to support rural Colombian farmers.

In Central America, through the Alliance for Prosperity, we support countries as they address security and economic development in tandem. Last June in Miami, the State Department and the Department of Homeland Security, along with our Mexican counterparts, cohosted the Conference on Prosperity and Security in Central America. Through many productive conversations with public and private sector leaders across the region, opportunities were identified to help Central American countries grow their economies, strengthen their institutions, and better protect their people. More opportunities for Central Americans will weaken the hold of transnational criminal organizations, address the underlying causes of legal and illegal immigration, and result in less violence. That makes their nations stronger, and it makes ours safer.

And through the Caribbean Basin Security Initiative, partners along our third border, the Gulf of Mexico, are increasing their ability to perform maritime interdictions, rein in illegal firearms, counter corruption, and prosecute criminals. Over the summer we submitted our Caribbean 2020 ***Plans***. This comprehensive strategy fosters closer security cooperation and reaffirms our commitment to encourage private sector growth and diversification of energy resources, creating energy security in the Caribbean. We also maintain our partnerships in education and health initiatives, including PEPFAR, the President’s Emergency ***Plan*** for AIDS Relief.

The United States knows that our country – and the rest of the region – benefits from greater regional stability and the prospect of a growing economy throughout the hemisphere.

The United States’ partnership with nations in the hemisphere is founded on shared values and democratic governance, but we cannot take it for granted. Many still live under the oppression of tyranny.

The corrupt and hostile regime of Nicolas Maduro in Venezuela clings to a false dream and antiquated vision for the region that has already failed its citizens. It does not represent the vision of millions of Venezuelans – or in any way comport with the norms of our Latin American, Canadian, or Caribbean partners.

Our position has not changed. We urge Venezuela to return to its constitution – to return to free, open, and democratic elections – and to allow the people of Venezuela a voice in their government. We will continue to pressure the regime to return to the democratic process that made Venezuela a great country in the past.

Venezuela stands in stark contrast to the future of stability pursued by so many others in the hemisphere. The great tragedy is that although Venezuela could be one of the most prosperous countries in the region, it is one of the poorest in the world. Venezuela GDP growth in 2004 was as high as 18 percent. Ten years later, it is nearly a negative 4 percent – all the result of man-made collapse.

Venezuela boasts the world’s largest proven oil reserves, but riches are reserved only for the ruling elites. As a consequence, the people suffer. Venezuelans are starving, looting is common, and the sick do not receive the medical attention they desperately need. Venezuelans are dying of malnutrition and disease.

There has been no natural disaster – nothing like that earthquake that took me to Peru. The Venezuelan people suffer because of a corrupt regime that steals from its own people. The Maduro regime is squarely to blame and must be held to account.

The United States has imposed sanctions on more than 40 current or former Venezuelan government officials – individuals who support Maduro and his efforts to undermine democracy.

Over the past year, we have worked with many of our Latin American partners – through the Lima Group and the Organization of American States in particular – to build support for coordinated action to counter the country’s slide into dictatorship. We appreciate the Lima Group of major regional leaders who have met regularly to support the Venezuelan people’s quest to regain their country.

Canada too has sanctioned dozens of Venezuelan leaders, including Maduro himself.

And recently, the European Union joined the growing global chorus to sanction leaders in the regime for human rights abuses.

The world is waking to the plight of the Venezuelan people.

We encourage all nations to support the Venezuelan people. The time has come to stand with freedom-loving nations, those that support the Venezuelan people, or choose to stand with the Maduro dictatorship, if that is your choice.

Elsewhere we will continue to encourage others in the region, like Cuba, who disregard their people and ignore this democratic moment in Latin America, to give their people the freedom that they deserve.

Cuba has an opportunity in their own transfer of power from decades of the Castro regime to take a new direction. In June, President Trump laid out a new vision for our approach to Cuba – one that supports the Cuban people by steering economic activity away from the military, intelligence, and security service which disregard their freedom.

The administration’s policy – as written in the National Security Presidential Memorandum – also seeks to, quote, “ensure that the engagement between the United States and Cuba advances the interests of the United States and that of the Cuban people.”

It includes advancing human rights and encouraging the nascent private sector in Cuba. The future of our relationship is up to Cuba – the United States will continue to support the Cuban people in their struggle for freedom.

Venezuela and Cuba remind us that for our hemisphere to grow and thrive, we must prioritize and promote democratic values.

We must root out corruption in all of its forms. Ineffective, corrupt governance damages countries. The economy suffers. People lose faith in institutions. And crime increases.

Recent steps taken against corruption in Guatemala, Peru, the Dominican Republic, and Brazil underscore the importance of directly addressing it.

In Guatemala, we continue to support the CICIG – a UN body created in 2006 – to uphold the rule of law, strengthen accountability, and independently investigate illegal, corrupt activity affecting government institutions.

2018 should be the year countries in the Western Hemisphere restore their trust with their people, the people they represent, and take serious anti-corruption action.

Earlier as I mentioned the Summit of the Americas, hosted by Peru – will be hosted by Peru in April. We wholeheartedly support this year’s theme: “Democratic Governance Against Corruption.” And we encourage every nation in the region to fully embrace it.

Encouraging transparency, increasing accountability, rooting out corruption – all of these are essential to creating a sound economy for the region, promoting security, and protecting our values.

Strong institutions and governments that are accountable to their people also secure their sovereignty against potential predatory actors that are now showing up in our hemisphere.

China – as it does in emerging markets throughout the world – offers the appearance of an attractive path to development. But in reality, this often involves trading short-term gains for long-term dependency.

Just think about the difference between the China model of economic development and the United States version.

China’s offer always come at a price – usually in the form of state-led investments, carried out by imported Chinese labor, onerous loans, and unsustainable debt. The China model extracts precious resources to feed its own economy, often with disregard for the laws of the land or human rights.

Today, China is gaining a foothold in Latin America. It is using economic statecraft to pull the region into its orbit. The question is: At what price?

China is now the largest trading partner of Chile, Argentina, Brazil, and Peru. While this trade has brought benefits, the unfair trading practices used by many Chinese have also harmed these countries’ manufacturing sectors, generating unemployment and lowering wages for workers.

Latin American – Latin America does not need new imperial powers that seek only to benefit their own people. China’s state-led model of development is reminiscent of the past. It doesn’t have to be this hemisphere’s future.

Russia’s growing presence in the region is alarming as well, as it continues to sell arms and military equipment to unfriendly regimes who do not share or respect democratic values.

Our region must be diligent to guard against faraway powers who do not reflect the fundamental values shared in this region.

The United States stands in vivid contrast.

We do not seek short-term deals with lopsided returns. We seek partners with shared values and visions to create a safe, secure, and prosperous hemisphere.

The U.S approach is based on mutually beneficial goals to help both sides grow, develop and become more prosperous, and do so by respecting international law, prioritizing the interests of our partners, and protecting our values.

With the United States, you have a multidimensional partner – one that benefits both sides with engagement to support economic growth, education, innovation, and security.

This year the United States is eager to create even deeper relationships with Latin America and Caribbean partners, with the aim of expanding freedom to more people.

We have a tremendous opportunity to build upon our shared history, culture, and values to generate more opportunity, more stability, more prosperity, and more resilient governance in South America, Central America, North America, and the Caribbean.

In this year of the Americas, the United States will continue to be the Western Hemisphere’s steadiest, strongest, and most enduring partner. Thank you for your kind attention. (Applause.)

MR INBODEN: Well, as many of you know, my name is Will Inboden. I’m the executive director of the Clements Center and a professor at the LBJ School of Public Affairs, a couple of your hosts for today. And honored to have so many of our students here in the audience, and we’re going to be hearing from a few of those students in a little bit.

Mr. Secretary, as you and I were visiting out back beforehand, we were remembering the first time we met was a couple years ago, and at that time, you were in the private sector and I had given a foreign policy speech to a group of UT alums, of whom you were in the audience. And as we recalled, you asked me some very probing questions in that – after my lecture, and I don’t --

SECRETARY TILLERSON: (Laughter.) What goes around comes around, I guess.

MR INBODEN: That’s right. I – the tables have turned, sir. I don’t think either of us expected two years later we’d be here on the one-year anniversary of being Secretary, so, anyway, so my turn to ask some questions. I’m going to ask the Secretary a few questions, we’ll have a colloquy here, and then we’re going to hear from a few of our students as well.

So, Mr. Secretary, I’m a historian by training, and whenever I’m looking at current foreign policy issues, I always like to think about the historical context. And as our history students here will know, in a few years, we celebrate the 200th anniversary of the Monroe Doctrine, which, for a very young United States, was our assertion of – our efforts to keep European colonial powers out of the Western Hemisphere to protect our security but also to promote the three pillars of the speech you talked about today: security, liberty, and prosperity.

So, you as Secretary, you kind of inherit that 200-year tradition. Looking back, how would you regard the Monroe Doctrine? Has it been more of a success or a failure, especially as you look at our challenges today?

SECRETARY TILLERSON: Well, I think it clearly has been a success, because as I mentioned at the top, what binds us together in this hemisphere are shared democratic values, and while different countries may express that democracy not precisely the same way we practice democracy in this country, the fundamentals of it – respect for the dignity of the human being, respect for the individual to pursue life, liberty, happiness – those elements do bind us together in this hemisphere. So I think it clearly was an important commitment at the time, and I think over the years, that has continued to frame the relationship.

Having said that, it’s easy for the United States as a country, because of our size and our engagements with so many countries and regions around the world, to, through nothing more than just perhaps a period of neglect, to let certain relationships atrophy a bit. And we’ve gone – I think we’ve gone through those periods of time in our history as well, and if you look back and whether – you can go by individual country or regionally as well, due to other events, sometimes I think we have forgotten about the importance of the Monroe Doctrine and what it meant to this hemisphere and maintaining those shared values. So I think it’s as relevant today as it was the day it was written.

MR INBODEN: Okay, cool. John Quincy Adams would be happy to hear that, so. (Laughter.) You mentioned in your speech NAFTA and the ongoing renegotiations and efforts to bring it up to speed, and it was on the presidential campaign trail in 1980 that candidate Ronald Reagan was the first American political leader to call for a North American free trade accord, which soon thereafter became NAFTA.

So as you mentioned, we’ve been living with this vision and this reality for quite a while. As we’re – as our country is in the midst of the NAFTA renegotiations, what would you describe as the – what have been the strengths and the weaknesses of NAFTA as currently constituted?

SECRETARY TILLERSON: Well, I think – again, and as I mentioned, when it was put in place 30 years ago, the world was a bit of a different place. Supply chains didn’t function the way they do today – again, I mention the advent of the digital age, the digital economy, which has completely disrupted supply chains and how they function. The rise of China now as the second largest economy in the world, and China growing its economy by spreading out its own trading relationships – all of those have had an impact on NAFTA’s ability to respond – the agreement.

And that’s why I think – we think about it as a need to modernize the agreement. I think the strength of building upon the fact that with shared borders, there are clear efficiencies to be gained that serve all three countries well and creates more value, and that’s – in the global world of competition and trade, and whether you’re building automobiles or whatever you’re manufacturing or whatever you’re doing ***agriculturally***, you are competing with others. And when we can integrate the strengths of these three countries that share this border – if we can lower our cost of supply by that much, we just won, we just beat the other trading partners.

And I think – and that was always the vision in the beginning, and I think where it’s – where it’s having trouble and struggling today is because it’s not been able to respond to that outside competitive force as effectively as perhaps it should. So we’re hoping we can get to a modernized agreement. I’m not directly engaged in those negotiations; I stay close to them because they do intersect with our foreign policy agenda as well. I can tell you it’s – these are tough negotiations, and I’m sure some of you are hearing about that, but the parties are continuing to work, I think, towards a solution that serves all three countries’ interests well, but then collectively achieves the subjective of collectively making us the most competitive trading entity in the world.

MR INBODEN: So I want to come back to another country that you mentioned towards the end of your – end of your speech, and that’s Cuba, one of the two remaining tyrannies in the region along with Venezuela. President Trump has been quite critical of the Obama administration’s previous normalization process with Cuba, with the Castro regime. But as you mentioned in June when the President announced some new regulations – or a few months ago, in November when he announced some new regulations, some Cuban American groups worried that those didn’t go far enough in reversing the previous administration’s policies. So what would you say are your ***strategic*** priorities towards Cuba going forward?

SECRETARY TILLERSON: Well, as I mentioned, they’re – they will be going through a transfer of power – supposed to this year, we’ll see whether it happens this year or not, but – and this will be, in all likelihood, the first transfer of power that Cuba has not been led under a Castro regime, so that we think there are opportunities, perhaps, for – an opportunity to shift towards a more open and democratic future. That’s what we’re hoping.

With respect to our objectives with Cuba, and the – I think President Trump’s analysis – and I agree with it – of the terms with Cuba that were in place when we took office, that an awful lot had been given to the Cuban Government, and not much had been received in return, other than a clear economic opportunity for U.S business interests, which is great.

But that was coming on the backs of the Cuban people, who are still very repressed. So we have taken a shift, we preserved a lot of that, but basically said, “Yes, we do want to support the Cuban people.” We’re not interested in supporting the Cuban regime. And as you know, the government and the security forces and others have a significant presence in almost all economic activity. So one of our objectives was to separate that and allow the Cuban people to have a more full, rewarding participation in that economy, and limit what we’re – what the government is benefiting from through their ownership.

So that was one of the significant changes, but again, it’s all – it’s all directed at how do we help the Cuban people. That’s what we want to do is help the Cuban people, and we are hopeful, and we stay – we do stay engaged with the Cuban authorities that – in this transition, can they find their way to maybe a different future? I don’t know. We’ll see.

MR INBODEN: Yeah, we’ll see. Great. Well, as a professor, I could go on all day with more and more of my questions, this and that, but I think we’ll all be a little more interested to hear from some of our students. So we’ve got a number of students with questions for you.

SECRETARY TILLERSON: Okay.

MR INBODEN: And we’ve got microphones that are coming down the alleys, and all the rest of you, if you’re not a student, sorry, no questions from you. (Laughter.)

All right, let’s see. First one up, we’ve got Patricia Zavala, so – Patricia, where are you? So – that’s right, there you go. Galen, the mike to Patricia, so – and please identify your degree ***program*** and school, that’s right.

QUESTION: Hello, Secretary Tillerson. My name is Patricia Zavala. I’m a dual-degree master’s student at the LBJ School of Public Affairs, and the Lozano Long Institute of Latin American Studies. And my question is about corruption in Latin America, which is something that you touched on in your speech. Given the effect that corruption has in undermining public institutions and impeding the effective implementation of the administration’s policy priorities, what can the U.S do to combat the endemic corruption in the region?

SECRETARY TILLERSON: Well, now I mentioned a number – we have a number of initiatives and funding ***programs*** working directly with individual countries – the U.S directly but also using other UN and other international organizations to, first and foremost, strengthen the judicial systems. If we can get judicial systems and judges that are not corruptible, then you can begin to prosecute cases of corruption and punish people, and then that begins to dissuade them. And that is – that’s the approach. Now, that does then raise significant risk for those judges, so hand in glove with it goes strengthening law enforcement and security in the region and in those countries to protect those who are taking action to eradicate corruption. And there is – without question, there’s an intersection of a lot of the trans-criminal organizations with the corruption as well to facilitate their narcotics activities, their human trafficking activities, other kind of illicit smuggling.

So it is quite – it’s quite challenging, but we’ve made a lot of progress in Central America with these initiatives using – and in Mexico with the Merida Initiative that I mentioned – those are all specifically targeted at exactly the issue that you’re asking about, but it is strengthening judicial systems, getting judges in place that will act in accordance with their law, in some cases passing new prosecutorial laws that make it easier to prosecute corruption. A lot of these are evidentiary laws. If you don’t have good evidentiary laws, you can’t make the case for a prosecution – and then creating an environment where these judges can do their job, recognizing that some of them are going to come under threat.

So it’s very targeted, and we try to go country by country as to what is best needed there. But both in Mexico and in Latin America, it’s a significant undertaking. That really is what’s necessary to create the kind of environment then to allow economic prosperity, growth, job creation. That’s what keeps everybody at home.

MR INBODEN: All right, thanks. All right, our next question from Juan Gonzalez-Rivera.

QUESTION: Hello, Mr. Secretary of State.

SECRETARY TILLERSON: Hello, Juan.

QUESTION: My question is – first, I’m a Fulbright student from Colombia. I’m a candidate for PhD in chemical engineering, so my question is about --

MR INBODEN: Future ExxonMobil. (Laughter.)

QUESTION: My question is about your science --

SECRETARY TILLERSON: Or future State Department. (Laughter.)

MR INBODEN: That’s right, that’s right. Okay.

QUESTION: About your science diplomacy agenda. So in your upcoming travel to Latin America, will there be a science ***strategic*** agenda to foster scientific cooperation in topics of interest to the region, or other topics of interest to the region such as food security, infectious diseases, and, of course, the environment?

SECRETARY TILLERSON: Well, I think, as you point – you just touched on areas that are obvious for cooperation and scientific investigation, and certainly the – South America in particular has some incredibly rich ecology areas, things that we can learn a lot about what’s happening with the environment, what’s happening with the planet, what is the effect of climate change that we’re seeing. And so yes, there are important joint scientific efforts for us to fund, send our own scientists there, but also bring scientists from Latin and South America to our institutions in the United States – and like yourself – to study and share, grow, and either go back home to continue that work or stay here. So it’s – there are environmental issues of interest, there are diseases that are of particular interest in certain environments in particular, and that’s why we have a very active PEPFAR ***program***. As you know, it’s AIDS, but it’s also malaria and a few other infectious diseases that are important.

So it is an opportunity for us to talk about how are those collaborations that are in place going, what could we do to either strengthen those or expand them, and what new areas of investigation might be of interest to both of us. Certainly, the strong educational ties between our two countries and the fact that you’re here studying at the University of Texas – and congratulations on being a Fulbright scholar – those are the strong connections that down the road – and these are the people-to-people connections – that are going to keep our countries very, very close together in terms of our values as well. And all the best to you.

MR INBODEN: All right. Okay, another student question. We’ve got Sean Salome there. The microphone’s coming down. And Mr. Secretary, Sean, who’s about to ask you the question, he’s one of our Clements Center undergraduates. He’ll tell you what he’s studying, but he’s also a Marine vet who did a couple of deployments in Colombia.

SECRETARY TILLERSON: God bless you.

QUESTION: Thank you. Good afternoon, Secretary. Thank you for having us. Colombia’s facing a crossroads right now. Its neighbor to the east, Venezuela, is deteriorating as its continued government is strangulating the people. We’re having mass migration of Venezuelans enter Colombia. Internally, Colombia’s government and the ELN have failed peace talks, and these issues may very well lead to social unrest and economic turmoil for Colombians. How does this U.S ***plan*** – or U.S aid ***plan*** on aiding the Colombian people, and should the FARC be part of this process? Thank you.

SECRETARY TILLERSON: Well, as you know, they have a very prescribed process to work through the implementation of the peace accord, and I would share your observation that it has stalled a bit. They were making good progress and now some areas that are important seem to have hit a pause. That’s one of the areas we will be talking with the Santos government about: How can we get those restarted, continue the – we think it’s important to continue to implement the peace accord if we’re going to secure the peace that has been negotiated with the FARC, FLN[1].

You are correct in terms of Colombia is probably the most impacted country from the Venezuelan crisis. Something between 200- and 300,000 Venezuelans have now left Venezuela, living in Colombia as refugees, basically, but another couple of hundred thousand that are going back and forth all the time, just seeking food and medical treatment in particular. We have attempted to provide certain medical equipment – vaccines and others – to the Venezuelan Government so these people don’t have to leave to get their treatments. The Venezuelan Government refuses to take that aid. Maduro does not want to appear that he needs it. We’re going to continue to work at that.

So it is a – it’s a real problem for Colombia and it has the potential to destabilize Colombia, which is why continuing to move forward on the peace implementation is so important, so it doesn’t create a new area of instability and all the parties go back to their corners and we’re right where we were.

We have a lot of confidence in the Santos government, and we know they have elections coming up, but we believe the government is very committed to following through on implementing the peace accord. We need to encourage them and help where we can in that regard.

The problem with the coca production is – it’s a significant problem. It’s a problem to us, it’s a shared problem. As I said in my remarks, we don’t like to admit it, but we’re the market. The United States accounts for the vast, vast, vast majority of illicit drug consumption in the world. And until we address that problem at home, it’s a bit awkward to hold them solely accountable for being the supplier. So that’s why we’re working through these integrated dialogues to put the whole supply chain together. Let’s own the consumption problem. We have to own that. They need to own the supply side.

So in Colombia we’ve got a lot of issues to deal with, but we also think Colombia is an enormous country of opportunity, and they have everything they need to be wildly successful, and we believe they can be and they will be, and we just need to support them and encourage them to get on with implementing the peace accords.

Thank you for the question.

MR INBODEN: All right. And then next question is from Alyson (ph), Alyson (inaudible). Yeah. The mike is going to you. Remember, please identify your degree ***program***. Thanks.

QUESTION: Hi, Secretary Tillerson. Thanks so much for taking our questions. My name is Alyson Swadic (ph). I’m a second-year master of public affairs student at the LBJ School of Public Affairs. My question is about the Merida Initiative, the security partnership between the U.S and Mexico that you alluded to in your speech. You mentioned the importance of rule of law and fighting organized crime. Congress appropriated $2.8 billion to the Merida Initiative in 2008, but there’s $1 billion left to spend. How do you think the U.S should best spend that money in order to promote security for both nations?

SECRETARY TILLERSON: Well, in order to spend the money we also need the cooperation with the Mexican Government of where – where do they agree we can help them the most. So oftentimes the pace of that is coming to agreement with them on where they are willing, and we can work with them.

We continue to believe that we can provide them significant training in law enforcement because they need – they need more law enforcement personnel, training of people to build their forces up, and new kinds of training to deal with the cartels in particular. Regrettably, the cartels are – have become more powerful. They are extremely well armed. Most of those arms are coming from the United States. So we have a huge weapons interdiction effort underway as well. This is why we have Department of Homeland Security involved. Interestingly, for about every 10 trucks that we inspect coming north, because we’re worried about what’s coming to see us, we only inspect one truck going south. And so we have committed to them that we will do a better job of interdicting weapons flowing in.

So I think it’s – it is through this joint dialogue we’re having with them to identify looking at what is – what are all elements of this supply chain? Where can we best attack that? What are the capabilities we need? And then we have some funds to address that. So it is going to be, I think, law enforcement, some ability to – for them to collect intelligence themselves on where these labs are. We destroyed, I think, about 134 labs last year through some information sharing, and when we identify them, the Mexican forces have been going in to destroy those. So I think we have a – or we’ve got, unfortunately, too many opportunities where we can apply the joint effort, and we have the resources, the money, to do that. Thank you.

MR INBODEN: Thanks. All right. All right. Another student question. Yeah, Evan.

QUESTION: Secretary Tillerson, thank you very much. My name is Evan McCormick. I’m a post-doctoral fellow at the Clements Center. During the political crisis in Venezuela last year, the State Department vocally backed the Organization for American States’ criticisms of the Venezuelan electoral system. In December, however, the State Department recognized the re-election of Honduran President Juan Orlando Hernandez in spite similar – in spite of similar criticisms from the OAS regarding electoral irregularities and calling for or recommending a new election.

My question is: What is the Trump administration’s policy regarding support for free and fair democratic elections in the Americas, and will it work with the OAS in ensuring that those democratic standards are respected equally across the hemisphere?

SECRETARY TILLERSON: Well, our position’s the same in every country. And in the case of the Honduran elections, we also looked at other organizations’ assessment of the election in terms of was it conducted in a free and fair way, was the election legitimate. In terms of why the OAS came to a different conclusion – which was actually different than the original conclusion they came to, they changed their position – I’d refer you to the OAS to ask them. But we did look at the circumstances of the election. We concluded it was conducted fairly. And I think there’s no – and I want to be clear here. There can be no comparison between the election process that was conducted in Honduras and the election process that’s going on in Venezuela. They’re nowhere close to one another. Thank you for the question, though.

MR INBODEN: All right, okay. And one more student question. Let’s do Abigail (ph). Right there, Diana (ph). Yeah, thanks.

QUESTION: Good afternoon, Mr. Secretary, and thank you for spending part of your day with us. My name is Abigail Griffin and I am senior studying ***Plan*** II Honors government and Middle Eastern languages and cultures. I have a question regarding Venezuela. So a commonly proposed solution to a lot of the problems in the country is the removal of President Maduro from power. In your opinion, is this removal necessary, and what could the U.S ’s role be in the possible regime change, especially considering the turmoil that could surmount from such a change?

SECRETARY TILLERSON: Well, President Maduro could choose to just leave. I mean, that would – (laughter). That’d be the easiest. We have not advocated for regime change or removal of President Maduro; rather, we have advocated that they return to the constitution. We do not recognize the constituent assembly as legitimate, and they need to get back to the constitution and follow the constitution.

We – I think there will be a change. We want it to be a peaceful change. Peaceful transitions, peaceful regime change is always better than the alternative of violent change. In the history of Venezuela and in fact the history in other Latin American and South American countries, oftentimes it’s the military that handles that, that when things are so bad that the military leadership realizes they just – they can’t serve the citizens anymore, they will manage a peaceful transition. Whether that will be the case here or not, I do not know. Again, our position is Maduro should get back to his constitution and follow it. And then, if he is not re-elected by the people, so be it. And if the kitchen gets a little too hot for him, I’m sure that he’s got some friends over in Cuba that can give him a nice hacienda on the beach, and he can have a nice life over there. (Laughter.)

MR INBODEN: All right. Well, our time is drawing to the close. I know the Secretary needs to head off on the next leg of his very ambitious journey here. But Mr. Secretary, one final question from the moderator here.

As a native Texan, you know here that here in Texas we have very strong concerns about border security, and I can – I think I can speak for almost everyone here in the room that when we look at our state’s borders, especially SUT folks, our biggest concern is the threat from Oklahoma. (Laughter.) So especially the Sooners football team. So you’ve got a captive audience. What advice do you have for Coach Herman, and what are we going to do to beat OU this fall? (Laughter.)

SECRETARY TILLERSON: Well, I think I can help him. (Laughter.) We just need to get in place a visa ***program*** for the Red River – (laughter) – and we just won’t issue any visas to the Oklahoma football team. (Laughter and applause.)

MR INBODEN: Thank you.

SECRETARY TILLERSON: I’m really not worried. I’m really not worried because University of Texas is going to beat Oklahoma this year.

MR INBODEN: There’s tomorrow’s headline. All right, okay. (Applause.) All right, okay. All right, all right. Everybody please join me in welcoming and thanking Secretary Tillerson. Thank you so much, sir. That was awesome. (Applause.)

And everybody, before you leave, we’ve got a little sendoff for you from the Secretary’s – the Secretary’s old bandmates, his old friends. So stay with us for a couple minutes. Can’t leave without a song. So that’s right.

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Zagreb, 06 April 2018 (Hina) - Croatia, France giving new impetus to ***strategic*** partnershipZAGREB, April 6(Hina) - Croatia and France have many interests in common and the joint action ***plan*** signed today will give new impetus to their ***strategic*** partnership, Croatian Foreign Minister Marija Pejcinovic Buric said on Friday after meeting French European Affairs MinisterNathalie Loiseau."This opportunity in which we signed the joint actionplan, the third as part of our ***strategic*** partnership, is a very important indicator of how many interests the two countries have in commonand of how important the ***strategic*** context is for our relations," Pejcinovic Buric told the press in Zagreb.After the meeting, the two ministers signed the Croatian-French ***Strategic*** Partnership 2018-2021 Action ***Plan***."We believethis visit and the Action ***Plan*** will additionally strengthen the partnership," Pejcinovic Buric said, confident that the Action ***Plan*** will facilitate support for Croatia's efforts to achieve its ***strategic*** priorities - joining the Schengen and euro areas as well as the Organisation for Economic Co-operation and Development.Loiseau said she was pleased with the Action ***Plan*** "as it shows what we have done so far and what we still intend to do."She said she was aware of the importance joining the Schengen Area had for Croatia, adding that the area should be reformed.The Action ***Plan*** highlights bilateral and multilateral political relations, economic relations and cooperation in culture, education and other areas.The ministers agreed that economic relations improved last year but that they needed an additional boost.They supported the teaching of Croatian in French schools andFrench in Croatian schools as well asthe five French Alliance branches in Croatia."Croatia will preside over the EU in the first half of 2020 and we will help it prepare for that as well as possible," said Loiseau, while Pejcinovic Buric said that "France, as a founder state, has exceptional experience in that regard and we believe cooperation in this field will be very fruitful."The two ministers also talked about EU enlargement,the importance of the accession process for the countries in Southeast Europe, and action benefiting the stability of Southeast Europe.Croatian PM, French FM say relations very goodMinister Loiseau also met with Prime Minister Andrej Plenkovic and the twodiscussedthe future of the European Union and the challenges it faced, assessing Croatian-French relations as very good and friendly.Croatia and France ***plan*** to intensify dialogue as part of the preparations for Croatia's presidency over the Council of the EU in 2020.Loiseau said France supported the Croatian government's reform policy and efforts to join the Schengen and euro areas.The two officials also talked about a European summit on the Western Balkans to be held in Sofia next month.

Croatia supported the countries in SoutheastEurope on their European journey.Loiseau said she was pleased Croatia would host the first "citizens' consultations"launched by French President Emmanuel Macron to better hear the voice of citizens around Europe and enable them to voice their expectations of the EU. In thatcontext, shewill take part in a panel on Europe at Zagreb's Faculty of Political Science.Plenkovic praised Macron's initiative, saying it would contribute to a better understanding of European topics in Croatia. He said this was of great importance as, after debates at the European level, many European regulations were transposed into Croatian legislation, impacting citizens' everyday lives.French minister says Europe must assume responsibility for its futureZAGREB, April 6(Hina) - Europe, its leaders and citizens must assume responsibility for their future and adapt to global challenges or someone else will do it in their stead, French Minister for European AffairsNathalie Loiseau said in Zagreb on Friday.Loiseau made the statement at consultations with members of the public on the future of Europe, called "EU: Citizenship, Values, Institutions and Future", held at Zagreb's Faculty of Political Science.Consultations with European citizens will be held in the next six months throughout the EU. This initiative, launched by French President Emmanuel Macron, is designed to help their voice to be heard in discussions about the EU's future after Brexit. Consultations will be taking place in all EU countries except Hungary and Great Britain.Croatia is the first country to host such an event.Loiseau said that the EU was faced with big challenges that required a joint response, from climate change and the digital revolution to globalisation, an unstable international environment and the growing populism and extremism, and that therefore it had to reform.We must reform Europe to make it more efficient, more independent and more democratic,Loiseau said, underlining that European citizens had to play an important role in that process."Brussels, that's us! We are the actors, we sit at the table where decisions are made, our leaders. We must assume responsibility," she said.Europe has only one possible future. Either we decide about our future on our own or someone else will take care of that, she warned.Speaking of what the EU was doing for its citizens, she said that 25 member-states last year stepped up cooperation in the field of defence, that work was under way on a new asylum policy due to the major migration crisis of 2015, and that a lot was invested in young people, their education, employment and mobility.Speaking of the EU enlargement policy, the French minister said that Europe must not turn its back on Western Balkan countries.She expressed confidence that those countries had a European future, but underlined the need to implement reforms, primarily in the field of the rule of law, to fight against corruption and organised crime, and against radicalisation.She believes that the progress of each country should be assessed separately and is against the setting of any arbitrary dates for EU accession.We want that process to be successful but serious progress is required,Loiseau said, noting that the EU and France were willing to help.A state secretary at the Croatian Foreign and European Affairs Ministry, Andreja Metelko Zgombic, said that Croatia believed the future of Western Balkan countries lay in the EU and that that goal was attainable even though a lot of work had to be done in that regard.Croatia welcomes and encourages efforts made by Serbia and Montenegro on their journey to the EU, Metelko Zgombic said, noting that this year could be a watershed for Albania and Macedonia in that regard, and that Kosovo, too, should have a prospect of joining the EU.She said that EU enlargement to Western Balkan countries would be one of the main priorities of Croatia's EU presidency in the first half of 2020.Krsticevic: Croatia ready to provide Albania with air policingZAGREB, April 6 (Hina) - Croatian Defence Minister Damir Krsticevic met in Tirana on Friday with his Albanian counterpart Olta Xhacka and said that with the procurement of fighter jets, Croatia would strengthen the capacityof its armed forces and increase its contribution to the security of Southeast Europe, as well asthat it was willing to offer the service of air policing to Albania, the Croatian Defence Ministry said in a press release."As you know, Croatia has made a decision to procure multi-purpose fighter jets that will strengthen the capacityof the Croatian Army and increase its contribution to the security of Southeast Europe. With the procurement of the new multi-purpose fighter jets, we will be ready to offer air policing to our NATO neighbours," Krsticevic said.The two ministers underscoredthe importance of deepening cooperation between Albania and Croatia and announced that a cooperation agreement in the area of defence would be signed soon.Minister Xhacka underlined that Albania and Croatia were important stakeholders in preserving stability and security in Southeast Europe."Croatia is an important ally to Albania and I hope that we will expand and intensify our defence cooperation, particularly in the area of education, training and exercises," Xhacka said.Krsticevic said that he supported Albania's initiative to establish a NATO centre of excellence for foreignfighters and added that he was pleased that members of the Croatian Navy would participate in the "Albanian Lion" exercise in September. He also invited Xhacka to visit Croatia.During the meeting, there was also talk of the possibility of cooperation in the defence industry and within multilateral associations, particularly NATO and the A5 initiative."We believe that we can further develop our cooperation also in the area of the defence industry; you know that the Croatian soldier is completely equipped with Croatian products and is a sort of brand for the Croatian defence industry. I'm glad that the quality of products by Croatian companies has been recognised in Albania and that members of the Albanian interior ministry are using our handguns and assault rifles," Krsticevic said.On the second day of his official visit to Albania, Krsticevic met with Albania's Prime Minister Edi Rama and the Minister of Foreign and European Affairs,Ditmir Bushati.At that meeting the good cooperation between the two friendly countries was confirmed once again.Krsticevic underscored that Croatia and Albania have a significant stabilising role in Southeast Europe, a press release said."This year, Albania and Croatia are marking nine years of their membership of NATO and they can be an example that will direct the region toward Euro-Atlantic integration," the minister said and expressed Croatia's support for Albania on its pathway to the EU and its readiness to share its experience.Emergencyadministration proceeding in Agrokor extended until July 10ZAGREB, April 6 (Hina) - The Commercial Court inZagreb on Fridayprolongedthe emergencyadministration proceeding in the Agrokor food and retail groupby another three months, until July10.The prolongation was requested today by emergency administrator Fabris Perusko, who said in his proposal that creditors had agreed to the essential elements of a settlement but needed additional time to finalise its text.The court recalled that the law on emergencyadministration proceedings in companies of systemic importance forCroatia envisagesa 12-month period from the time of opening the proceedings, which in Agrokor's case was10 April 2017, for drawing up a settlement andits acceptance or rejection by creditors, as well as a three-month extension at the emergency administrator's proposal.The emergencyadministration is continuing to take all the necessary steps so that a settlement ***plan*** can be proposed and creditors vote for a settlement before July 10, Agrokor said in early March, adding that itsgoal was to agree all the terms and conditions of a settlement ***plan*** by April 10.Consequently, intensive talks between all stakeholder in the process wereheld recently. Media have reported that suppliers and financial creditors have agreed on outstanding issues, the most contentious of which were the border debt and the sale of domestic suppliers' goods through the Konzum retail chain.President calls for comprehensive agrarian reformZAGREB, April 6 (Hina) - President Kolinda Grabar-Kitarovic on Friday opened the 21st Gudovac Spring Fair with 500 exhibitors from Croatia and 10 foreign countries, where she called for a comprehensive agrarian reform because, although HRK 40 billion has been invested in ***agriculture*** since Croatia declared independence, ***agricultural*** production has been halved.Grabar-Kitarovic underscored that this was due topoor agrarian policies over the years because it wasn't known what should be ***produced*** and for whom.Nevertheless, she commended subsidies and amendments to legislation sponsored by the Ministry of ***Agriculture*** and the greater availability of EU funds and faster flow of money through these funds.Tolusic: As of May, loans at 0.5-1.5% interest rates for farmersAgriculture Minister Tomislav Tolusic announced that as of May, farmers would have access to loans with much more favourable interest rates that will range from 0.5% to 1.5% and that these would be even lower for dairy farmers and would be just 0.1% thanks to EU funds.He said that last year500 million euros of EU funds had been invested in ***agriculture*** and that an equal amount would be invested this year and that the results would have to be seen.Tolusic: Effect of EU funds best seen in machinery procurementZAGREB, April 6 (Hina) - ***Agriculture*** Minister Tomislav Tolusic said on Fridaysaid that the first results from the inflow of money from European funds in ***agriculture*** can be seen in the procurement of machinery and that investments in building farms andgreenhouses and ***producing*** permanent crops were taking their course.***Producers*** and retailers of ***agricultural*** machinery have recordeda huge increase in sales over the past year, several times higher than in 2016 and in some cases, as much as 50% higher, which shows that money from European funds is coming to our farmers that machinery isn'tbeing bought by someone else but by our farmers, Tolusic told reporters.Tolusic was attending the 21st Spring Fair atGudovac near Bjelovar.He underscored that farm machinery can also be bought through co-operatives and ***producers***' associations, which could reduce costs. "But we don't award money for just any type of machinery and there are certain limits with regard to the size of farmland being worked... I'm calling on farmers, particularly small farmers, to associate because together they can certainly have a better market performance, be more efficient and economical," he said.Asked about the implementation of the Law on Unfair Trade Practices, he recalled that the law entered into force on April 1 and announced that the Croatian Competition Agency (ATZN) would soon start conducting inspections of large traders and buyers."We will be lenient in the first couple of weeks, we can issue warnings but I expect the law to be complied with," he said.Tolusic recalled that the law had to be adopted because there had been many instances of unfair trade practice and Croatianproducers had been the ones to suffer the most. "No-one cared for them and now that someone does, that too is bothering someone, but that's not our problem," he added.He believes that there won't be any problems in implementing the Farmland Act and dismissed as incorrect comments by some peasant associations that its implementation will be complex due to excessive red tape."Peasant associations won't be implementing the law, it will be implemented by municipalities," Tolusic said, addingthat he expected local authorities to deliver their initial ***programmes*** regarding the availability of land in about a month's time and that by autumn the first tenders for the allocation of farmland should be published based on "new, fair and proper criteria."Road sector companies ink loan contracts with eight banksZAGREB, April 6 (Hina) - The Hrvatske Ceste, Hrvatske Autoceste and Autocesta Rijeka-Zagreb road management companiessigned loan contracts with eight banks on Thursday and that is the final step in the second round of the financial restructuring of the road sector, the Ministry of the Sea, Transport and Infrastructure said on Friday.The loancontracts were signed withZagrebackaBanka, PrivrednaBankaZagreb, Erste, SplitskaBanka, Croatian Postal Bank, Croatia Banka, OTP Banka and IstarskaKreditnaBanka.The ministry explained that this represents the final step in the second phase of the financial restructuring of the road sector and that is a "jumbo" loan which reschedules the sector's debts and which, together with previously arranged termson the international market, will enable savings of more than 50 million euros.The loan is valued at 1.8 billion euros and was approved by the government at acabinet session on March 29.The loan will be divided between Hrvatske Autoceste (1.14 bn euros), Hrvatske Ceste (467M euros) and Autocesta Rijeka-Zagreb (202Meuros).Minister of the Sea, Transport and Infrastructure Oleg Butkovic expressed his satisfaction with this step in the financial restructuring of the road companies. He recalled that in addition to the financial restructuring, it was essential to restructure business operations too."Measures related to sector policies will continue this year too, with a continuing reduction of the costs of maintenance and business operations. These steps are essential for the further implementation of the restructuring process in the road sector and are part of the National Reform ***Programme***," Butkovic said.Finance Minister Zdravko Maric especially thanked the World Bank as a partner in this project for offering a guarantee of US$ 350 million. He also thankedthe domestic financial industry, business consultants and all those who have worked on realising this project."This project confirms the support that the Croatian financial sector is giving tothe revival of the national economy andthe development of the road infrastructure and is an example of open communication that the Finance Ministry has with domestic banks," Maric said.PM says selection of Expert Task Force head not topic over which to outvote one anotherZAGREB, April 6 (Hina) - Prime Minister and HDZ party leader Andrej Plenkovic said on Friday that the selection of the head of the Expert Task Force to implement the curricular reform was not a topic over which to outvote one another, but that rather a solution should be sought that would enable the continuation of the education reform."My view is that this is not a topic over which we should outvote one another, we should be looking for a solution that will make it possible to continue the education reform," Plenkovic said after a session of the HDZ Presidency when asked by reporters if he had given up on Matko Gluncic as a candidate for the head of the Expert Task Force.The HDZ's coalition partner, the Croatian People's Party (HNS), and Science and Education Minister Blazenka Divjak, are against Gluncic's appointment.Asked if Divjak had acted tactlessly when she recently said that a person who had applied for a public office (Gluncic) was unacceptable, Plenkovic said that the question should be put to the minister. "I don't think it's good to comment on any of the candidates while the (selection) procedure is under way. That is clear to anyone who follows a process like this one," he said.He stressed that his approach as prime minister, regarding the topic of education, which had elicited many disputes in the past few years, was inclusive and that he wanted a consensus to be reached so that the best possible curricula and teaching ***plans*** and ***programmes*** were made.Plenkovic recalled that six candidates had applied for the position of the head of the Expert Task Force and were interviewed, "unlike in some earlier situations, when a single candidate would apply".Also, a panel of people who "think with their own heads" have analysed who could be the best candidate for the post, said Plenkovic.He would not give a straightforward answer when asked when he would meet with HNS president Ivan Vrdoljak, saying briefly that Vrdoljak was out of the country and that he would meet with him when he returned.As for the ratification of the Istanbul Convention, Plenkovic said that the HDZ had taken a clear stand on the matter, and as to whether there would be HDZ MPs with a different position, he said that this would be known after a session of the HDZ party group in the parliament on Tuesday. He also said that there would be no sanctions for MPs who would decide to vote contrary to the decision of the party's bodies, stressing that the HDZ was a democratic party.Minister: Teacher education, most important phase of curricular reform, startsZAGREB, April 6(Hina) - The education of teachers, teaching assistants and school principals for the experimental stage of the curricular reform starts on Monday, April 9, Science and Education Minister Blazenka Divjak said on Friday in a letter to the principals of the schools that will be included in the experimental ***programme*** as of this autumn.Noting that this was the most important phase of the introduction of the reform into schools, Divjak said that teacher training would last throughout April, May and June and that it would continue at the end of August and last throughout the school year2018/2019, and longer, if necessary.Education will be conducted in an on-line environment for learning, cooperation and communication that will also serve to provide support to teaching staff throughout preparations and implementation of the experimental ***programme***, the minister said.The online environment has been chosen so that all participants have access to the newest and relevant information on the ***programme***'s preparation and implementation, the minister said, among other things.Cappelli: Tourist industry not heading towards mass tourism, but sustainabilityZAGREB, April 6 (Hina) - The Croatian tourist industry is not heading towards mass tourism, but integral development, sustainability and quality, which is why there is growing demand for Croatia, Tourism Minister Gari Cappelli told Hina in an interview."This year we expect a 7% increase in tourism turnover over 2017 and tourism investment to increase to nearly a billion euros. Thiswill certainly further improve service quality, in which we have been making progress every year, especially with regard to high-category hotel accommodation," Cappelli said.He said that Croatia was becoming increasingly interesting to investors, so that about 40 new or newly-renovated hotels were expected to open this year, much like last year.The minister noted that tourism was having a great impact on the economy as a whole, as indicated by the latest report by Standard and Poor's ratings agency, which upgraded the country's credit rating, and last year's article in The Financial Times which ranked Croatia seventh among destinations with the highest potential for tourism investment.Speaking of booking for this year, Cappelli said that early booking and high early occupancy was yet another proof of how popular Croatia was as a destination. "We are improving our position in the world, including in remote markets from where more and more tourists are coming and where we have been increasing our promotional activities, especially in Japan, China, South Korea, the United Arab Emirates and elsewhere. These markets are offering the biggest opportunities for tourism turnover growth, which is why this year we are ***planning*** to open HTZ (Croatian Tourist Board) offices in Shanghai, Seoul and Los Angeles, and possibly a consulate in Abu Dhabi, as the first step towards opening an office."Year-round tourism based on principles of sustainabilityCappelli said he also saw possibilities for further tourist trade increases and development of year-round tourism in this year's expansion of flight services to Croatia, thanks to which tourist trade wasincreasing already in the pre-peak season and the airports recorded increases in the number of passengers of about 20 percent in the first months of this year compared with last year."We are following the trends and are trying to stay abreast, and I should say, immodestly perhaps, that we are leaders in some aspects. Our eVisitor system has been globally recognised as a technological innovation for more effective monitoring of tourist numbers, for which we have received an award from the World Tourism Organisation," the minister said.Asked if, considering the excellent announcements from world markets, he expected the problem of overtourism, Cappelli said that Croatia was developing its tourist industry on the principles of sustainability. "We are ***planning*** and developing selective forms of tourism based on full quality and destination management involving all stakeholders," he said, citing gastronomic tourism, cycling tourism, health tourism and nautical tourism. "We are encouraging tourism businesses financially and logistically to innovate their services by creating additional attractions that will draw in visitors all year round," he added.Legislative changes for developmentFor the first time in ten years, the Tourism Ministry, in cooperation with the sector,has embarked on thoroughly changing the three key laws governing tourist boards, tourist tax and membership fees with a view to developing the tourist industry, professionalising the system and giving greater importance and autonomy to local government.Cappelli says that these changes are not cosmetic but seek to ensure an effective legal framework for all those concerned.In this context he recalled that Croatia had launched an initiative to establish a Tourism Fund at EU level. "It may sound unbelievable, but tourism does not have its working body within the European Commission, unlike 20 or so other sectors, and therefore it is not directly financed," he said.The Fund would provide finance for tourism infrastructure, small and medium enterprises in the tourist sector, and training."We have already received support from many EU members for this and we expect a large number of member states to sign the declaration to this end. We have also received an encouragement in a recent recommendation from the European Parliament to open a financial line for tourism in the next multiannual financial framework," Cappelli said.Only 1,000 work permits used so farAsked about the shortage of labour in the tourism sector, Cappelli said that this problem was present not just in Croatia, but elsewhere in the EU too, adding that the tourism industry was making effort to overcome this problem."We are well prepared. We have provided grants for training and ensured quotas for foreign workers. Out of more than 4,000 work permits approved for work in tourism, only a little over 1,000 have been used so far. The government understands the importance of tourism and has adopted, in agreement with the Finance Ministry, a package of breaks for employers in the tourism sector so that the entire sector would function better. Some have already responded positively by using the funds from the tax breaks to increase wages. In a recent conversation with hoteliers, I was told that the labour situation this year was much more stable," the minister said."This year too will be challenging, but I am certain that it will be successful because demand is growing again and that it will confirm Croatia as one of the world's tourism leaders," he concluded.Consumption grows for 42nd consecutive month, albeit at slower paceZAGREB, April 6 (Hina) - Retail sales in Croatia in February 2018 increased 1.2% on the year and that is the 42nd consecutive month of growth, albeit at a significantly lower pace than in the previous month.The State Bureau of Statistics (DZS) on Friday published a report on retail trade turnover and according to working-day adjusted data, retail sales in February dropped by 2.2% comparedto January, but compared to February last year, they increased by 1.2%.That is significantly slower than in January 2018, when consumption grew 6.1% on the year, which was the fastest growth since August last year.Even though consumption growth had slowed down in February, the record-setting positive trendcontinued, since the last year-on-year fall was recorded in August 2014.A 42-month streak of growth in consumption hasn't been recorded since the DZS started keeping records of consumption indicators.This trend was expected, considering changes to taxation regulations and tax breaks that entered into force at the beginning of the year,Raiffeisenbank Austriaanalysts said, commenting on the report.The analysts added that growing optimism, consumer confidence and sentimentindicate that the positive trend in retail will continue.In the first two months of this year, retailtrade grew by 3.6% on the year.That is the fifth year in a row for consumption to grow. Retailturnover in 2017 increased by 4.7%, which was faster than in 2016.The growth in retail at the start of the year is a sign that economic growth will continue, considering that personal consumption accounts for the largest portion of Gross Domestic Product.Croatia's gross external debt down to EUR 40.1bn, 82.3% of GDPZAGREB, April 6 (Hina) - Croatia's gross external debt reached EUR 40.1 billion at the end of 2017, which is 3.7% less than in 2016, and the external debt to GDP ratio fell to 82.3%, Raiffeisenbank Austria (RBA) said in a report on Friday.The data for December confirmthe continuous decline of external debt since the end of 2015, RBA said in a comment on data recently released by the Croatian National Bank (HNB).The external debt to GDP ratio at the end of 2017 was 7.5 percentage points lower than the year before.The largest contribution to the debt reduction came from deleveraging of other domestic sectors, whose gross external debt had decreased by EUR 1.7 billion since 2016 to EUR 13.45 billion.This is mostly the result of deleveraging of private companies, whose gross external debt slid to EUR 9.69 billion at the end of December 2017, down 10% from the same time in 2016, the report says.The fall in public sector external debt also made a considerable contribution to the gross external debt decline. At the end of December 2017, general government gross external debt stood at EUR 14.3 billion, a decrease of 537 million or 3.6% over December 2016.Better-than-expected fiscal indicators last year resulted in a decrease of general government external debt and the government turning more to financing on the domestic market, RBA said.Financial sector deleveraging, which began in May 2012, also continued. This sector's external debt reached EUR 3.77 billion at the end of last year, which is about 785 million or 17% less than the year before.Banking sector deleveraging is the result of relatively cheaper domestic deposits, high domestic liquidity and the still subdued demand for loans, RBA said, adding that itexpects gross external debt to continue to fall this year.RBA analysts note that EUR 750 million in government bonds issued in 2011 falls due at the beginning of July, which they believe the government will refinance with a new bond issue, probably under more favourable terms, which should also improve external debt indicators.Considering the growth projections, the gross external debt to GDP ratio might continue to decrease, RBA said.Although Croatia reduced its external debt last year, RBA warned that the level of external debt still indicated a high level of external vulnerability.With a public debt to GDP ratio of 82.3%, Croatia is considerably above the average of its peers in Central and Eastern Europe, which is 68.2%, and in Southeast Europe, which is 58.8%, RBA said.HNS, some opposition parties criticise new Family BillZAGREB, April 6(Hina) - The Family Bill, which envisages the introduction of education for children in line with their parents' religious beliefs, is opposed by the ruling HDZ party's coalition partner, the Croatian People's Party (HNS), whose representatives have said that Croatia is a secular state and that religion should be taught in religious communities and not in schools."As regards announcements that the new Family Bill introduces the education of children in line with their parents' religious beliefs, the HNS has a clear position: We are a secular state, religion is taught in religious communities and not in schools," the HNS said in a statement on Friday, noting that it had not received the final and agreed Family Bill draft for inspection.HNS: Education cannot be defined by Family ActThe HNS believes that education cannot be defined by the Family Act but rather by laws regulating the field of education and that solely scientifically-based content, adjusted to children's age and presented in a pluralistic way, should be taught in schools.Apart from the HNS, which in the government led by Andrej Plenkovic is in charge of the ministries of education and construction, the Family Bill was also criticised by some opposition parties.The GLAS party said that the Family Bill, as announced in the media, revealed the true intentions of Plenkovic's government, which, it said, did not offer progress but rather sought to return Croatia to the Middle Ages by continuingthe "conservative revolution".GLASrecalled that the first Family Bill draft was withdrawn from public consultation after it warned about such tendencies on the government's part, and that this was the reason why it had sought a vote of no confidence in Social Policy, Family and Youth Minister Nada Murganic.GLAS: Will children be taught that the Earth is a flat board?The provision of the new Family Bill that says that parents have the right to have their children educated in line with their religious beliefs and philosophical views leads to the introduction of dogma inthe Croatian education system, GLAS said.Itwondered if this meant that geography teachers would have to teach children that the Earth wasa flat board if their parents believed so. This also raises the question of what children of people who believe in chemtrails and reptilians will be taught, GLAS said.GLAS also believes that the bill discriminates against people who live in common-law marriage because it abolishes the same legal effects of marriage and common-law marriage, notably with regard to adoption, noting that last year saw the least children adopted ever.Instead of amending the Family Law to encourage and facilitate adoption, the government is restricting that possibility for people in common-law marriage and singles, the party said, calling on Plenkovic and his government to at least not restrict the existing standards if they could not come up with a more modern bill.SDP: New Family Bill is to children's detrimentThe chief opposition party, the Social Democrats (SDP), said that the bill went against children's interests, favoured the legal profession and was designed to satisfy the demands of interestgroups gathered around the HDZ.Among the novelties of the bill is that the parents of underage children would have to file for divorce again in court instead of at social welfare centres, meaning that they will again have to hire lawyers and have at least one court hearing.SDP member Ivana Posavec Krivec said that divorce was being made more difficult and expensive, and that this was to the detriment of children. She warned that the practice so far, when divorces were launched at social welfare centres, had doubled the number of consensual agreements on child care, which was what made the motive for the government's changes unclear.She wondered who would benefit from the new law considering that the custodian awarded to children in a contested divorce would nolonger be free of charge but would have to be paid by parents.SDP member Misel Jaksic accused PM Plenkovic of suppressing civil rights, adding that the most explicit examples of this were the situation with the education reform and the ratification of the Istanbul Convention.Jaksic believes that with the new family bill the HDZ "is satisfying the needs of some interest groups and is actually saying that citizens' privacy will be infringed on and that they will be classified as first- and second-class citizens."He wondered how far Plenkovic was willing to go in the restriction of human rights to get the voices of one part of the political right and criticised the HDZ's partner, the HNS,for allowing "a mini conservative revolution through the back door."SDP leader Davor Bernardic said on his Twitter account that the new Family Bill put Croatia back in the Middle Ages."We have a right to a family of our own liking. You will not deny us that right. All families are equally valuable. Children must have quality education based on science," said Bernardic.SDP MP Arsen Bauk said his party would use all democratic means available to prevent "violence against the family".Another SDP MP, Pedja Grbin, said that the Family Bill as well as efforts that were being made to have Matko Gluncic appointed head of the Expert Task Force for the curricular reform proved that Plenkovic's government and the HDZ were neither moderate norcentrist and were especially not a barrier against a conservative revolution."Quite the contrary, they are the ones who are conducting that revolution and returning this country to where it was decades ago," Grbin said on his Facebook wall.Bojan Glavasevic said that if the bill was passed, the SDP would ask the Constitutional Court to assess if it was in line with the Constitution given that it clearly restricted the acquired rights of the LGBT community in Croatia.The latest Family Bill is the second attempt by the Andrej Plenkovic government to change the family legislation. The first draft was put to public consultation at the end of September 2017 but was withdrawn less than 24 hours later primarily because its definition of the family was very narrow and tied it with having children, so under the definition couples without children did not constitute a family.The new draft does not contain that controversial definition.Ministry says media information on family bill incomplete, incorrectZAGREB, April 6 (Hina) - The Ministry of Demography, Family, Youth and Social Policy on Friday refuted as incorrect and incomplete the information in the media about the draft of a new family bill, saying the bill was still being agreed.The ministry said in a press release the draft would be agreed to with the ruling coalition partners and finished by May, after which the ministry would put it up for public consultation, to be followed by two readings in parliament.Jutarnji List daily saidtodaythe bill was recently sent to the Croatian Democratic Union's coalition partners and that it contained a controversial definition of the family as well as other provisions whose striking from an earlier draft had been announced.Married and unmarried couples are not fully equal, unmarried couples can adopt only if there are justified reasons on the child's part, the divorce of parents of underage children will be instigated in court instead of a social welfare centre, and parents will pay the attorney representing a child in a contested divorce, the newspaper said.Coric says video of pollution in Slavonski Brod will contribute to investigationZAGREB, April 6 (Hina) -Minister of Environment Protection and EnergyTomislav Coricon Friday saidto Slavonski Brod residents to wait a few more days in order to be sure that their water issafe to drinkand that videoshowingthat the pollution was much greater than was perceived wouldcontribute to the investigation of the pollution.The results of testing the water samples taken in Slavonski Brod sinceMarch 30 were released and indicate that the levels of hydrocarbons in the water arewithin the allowable range. However, Coric said that it was necessary to continue taking samples for a few more days in order to be sure that there are nodeviations and that the water is safe to drink."That momentthe Health Ministry's expert commission makes thedecision, residents of Slavonski Brod and the surrounding municipalities will be informed," Coric told a press conference.Asked to comment on videoshot by firefighters which shows that the amount of oil that leaked was much more than 200 litres as claimed by the Crodux company, Coric said that he hadn't seen the video,that his ministry had shared what it knew with the public, and that now he waswaiting for the results of the investigation by the Interior Ministry and the local prosecutor's office."It's not clear to me why the firefightersdidn't share those recordings with the authorities when they arrived in Slavonski Brod. I believe that the recordings will contribute to the investigation," he said.He denied allegations that omissions occurred in communication with the public after the incident occurred and claimed that the ministry's services reacted in a timely manner and were in the field.No joint commemoration at Jasenovac this year eitherZAGREB, April 6(Hina) - The official commemoration for the victims of the WWII Ustasha concentration camp of Jasenovac will again be held in the shadow of a boycott by official representatives of the Croatian Jewish community, while representatives of the Serb minority and anti-fascist associations are yet to decide if they will attend.Deputy Parliament Speaker and Italian minority MP Furio Radin has said that he will traditionally show solidarity with the minorities that had the most victims in Jasenovac.The head of the Coordinating Body of Jewish Municipalities in Croatia, Ognjen Kraus, said that representatives of the Jewish community would not attend the official commemoration at Jasenovac on April 22 and that their decision was final, but he added that he had been invited to talks with the prime minister, to take place this afternoon."Our decision of last year has not changed," Kraus told Hina, resenting the government's treatment of the Ustasha salute "For the homeland, ready".Kraus: Unacceptable that HDZ wants man who made racist statements to head curricular reformKraus also said that the Jewish community found it unacceptable that the ruling HDZ party was insisting that the curricular reform should be headed by a man "who made racist statements and accused children from ethnic minority groupsand children with disabilities for the results of schoolperformance tests," an allusion to a state secretary at the Science and Education Ministry, Matko Gluncic."We will have a commemoration at Jasenovac on Sunday, April 15, at noon. On April 12, Yom HaShoah will be observed at (Zagreb's central cemetery) Mirogoj. Last year the two events were held on the same day because they were two days apart," Kraus explained.The head of the Association of Anti-Fascist Fighters and Anti-Fascists of Croatia, Franjo Habulin, said that it was too early to say if anti-fascists would boycott the main commemoration for the victims of the Jasenovac concentration camp."We still haven't decided. On Monday and Tuesday we will have working meetings to consider arguments for and against, after which we will make a decision and inform the public," Habulin told Hina.Radin: Ifsomeone is entitled to say something, thenthat's Serbs, Jews, Roma...Deputy Parliament Speaker and Italian minority MP Furio Radin said that he would show solidarity with the minorities which had the most victims in Jasenovac and respect decisions by their associations, but he noted that they still had not discussed the matter."If someone is entitled to say something about this, then that's Serbs, Jews, Roma... Who am I to go there if they aren't going?" Radin told Hina.In 2017, aside from the main, official commemoration at Jasenovac, two other commemorations were held, one by representatives of the Jewish community and the other by representatives of the Serb minority and anti-fascists.Not enough being done to improve living conditions for Roma, says MPZAGREB, April 6 (Hina) - Speaking at a ceremony marking International Roma Day on Friday, Croatian Roma MP Veljko Kajtazi saidnot enough was being done to create better living conditions for Roma and to implement the government's ***strategic*** and operational ***programmes***."I'm convinced that we can do more and we have shown this in certain areas... and thisadditionally motivates us," Kajtazi said at the ceremony at the Croatian State Archive.He said the ***strategic*** documents were excellently written and that all the key problems of the Roma community had been detected, but cited irresponsibility in implementation,stakeholders unwilling todeal withthe issues within their remit, and lack of money and a legal framework."The inefficiency of the system creates a vicious circle which results in tough living conditions for Roma," Kajtazi said, adding that theyfaced what other ethnic minorities faced to a lesser extent - social exclusion, high unemployment, low education access, poor housing and, consequently, poor health.He said social exclusion was especially evident in physical separation from the majority population. "Ghettoisation, which many won't recognise and admit, is a burning problem which has created parallel worlds in which Roma live and in which their problems are far from the eyes of the central but also local government. A lot has been done in that regard,investedand carried out through dialogue. However, that is all going too slowly."According to data of the national statistical office, there were 16,975 Roma in Croatia in 2011, but it is estimated that their actual number is between 30,000 and 40,000, said the prime minister's envoy, Marija Pletikosa.She said that although theirlegal status was regulated, Roma were still exposed to degradation and oppression in everyday life and that more should be done "to offer this group of citizens better protection."Pletikosa said poverty and social exclusion were widespread in the Roma community and that 12% of them were onguaranteed minimum social welfare.Diminished access to education, low education, living in poor conditions and low employment are just some of the factors contributing to the permanent marginalisation of the community and its dependence on social welfare, she added.ECHR orders Croatian Interior Ministry to place refugee family in more humane conditionsZAGREB, April 6(Hina) -The Centre for Peace Studies (CMS) said on Fridaythe European Court of Human Rights (ECHR) had urgently forwarded to the lawyer of the family of anAfghan girl killed last year a decision on a temporary measure ordering the Croatian Interior Ministry to immediately place themin an environment in which they will not be exposed to inhumane or humiliating treatment.The ECHRsaid it was confidentCroatia would not deport the family to Serbia or Afghanistan before answering its questions.Due to a possible violation of theEuropean Convention on Human Rights, the ECHRissued that measure for a three-week period, requesting additional information fromthe Interior Ministry and the lawyer ofMadina Hosseini's family, CMS said, adding that the measure meantthe ministry must immediately ensure free movement for the family.The six-year-old Madina was killed by a train on the Croatian-Serbian border last December.In asking for a temporary measure against Croatia, the lawyer said the transit reception centre for aliens in Tovarnik, easternmost Croatia, was a closed institution with strong police presence and that Madina's family, which includes 11 children, was placed in three rooms without the possibility to seeeach other outside of meal times, without explanation and with the deliberate prevention of any contact withlegal aid providers.The urgent decision shows the ECHR sees possible irregularities in the police treatmentof Madina's family, something domestic and international civil society organisations, Croatia'shuman rights ombudswoman and international media have been warning about for months, CMS said.It called on the Interior Ministry to implement the ECHRdecision already today, providing Madina's family with accommodation in an open safe place where, as asylum applicants, they can wait as free peoplefor the resolution of their status and receive all the necessary assistance. CMS added that the family had been in "detention" for 17 days, since applying for asylum.CMS called on the ministry to also release other persons in "detention" and, after the ECHR decision, to align its treatment of refugees with human rights protection standards.A couple of days ago, the ministry responded to media criticism that Madina's family was arrested, saying that under theinternational and temporary protection law, the movement of international protection seekers could be restricted by placing them in alien reception centres and that this was done only when necessary.The ministry said a number of persons without any identification who applied for international protection in Croatia in March were placed in the Tovarnik transit and reception centre, and that the restriction of movement did not prevent but prioritise the international protection procedure.Slovenia extradites Croat suspected of drug smugglingZAGREB, April 6 (Hina) - Slovenia on Friday extradited to Croatia Stjepan Prnjat, a Croatian national suspected of smuggling cocaine from South America, according to unofficial reports.Prnjatwas arrested in Ljubljana on March 8 in an operation launched against adrug trafficking ring. After police in Rijeka, Croatia seized 100 kg of cocaine, six Croatian, two Dutch and one Spanish citizenwere arrested on suspicion ofsmugglingdrugs from South America to Europe.Prnjat's Slovenian lawyer said earlier his client was against being extradited to Croatia, claiming that a media campaign would be launched against him if he was tried in Croatia and that he could be tried in Slovenia. Last week, a Slovenian court rejected his appeal against a decision on his extradition.Croats in Slovenia want to be recognised as autochthonous minorityZAGREB, April 6 (Hina) - An umbrella association of Croats who live in Slovenia warned on Friday of their undefined status as a minority and called on the executive and legislative authorities in the country to regulate their constitutional and legal status."Despite years of efforts, the Croat national community in Slovenia, as an autochthonous minority, still has not been constitutionally recognised as a minority. Slovenia has not taken account of recommendations by the Council of Europe and relevant United Nations bodies, whichare the international legal basis for the protection of minority rights in accordance with the highest international standards," reads a press release signed by Djanino Kutnjak, president of the Alliance of Croatian Associations in Slovenia, and presidents of about 15 otherCroatian cultural associations in Slovenia."We believethat as members of a national community that has livedin Slovenia for centuries and has thus proven its loyalty to Slovenia and the friendship and co-existence of the Croat and Slovene peoples, we deserve recognition, respect and support by the Slovenian state. We firmly believe that regulating the status of Croats in Slovenia as a national minoritywould contribute to good neighbourly relations between the two countries and help build even stronger bridges of friendship between Slovenia and Croatia," the press release said.In its constitution adopted in1992, Slovenia guaranteed representation in parliament only for the Italian minority living in the area bordering with Italy and the Hungarian minority in the northeast of the country. The two minoritieseach elect one MP in the 90-member parliament. The Roma, too, have a special status and can elect a councillor in local government units which have a larger Roma community.The more numerous minorities from the former Yugoslavia have not been granted such a status or minority rights.The usual explanation byofficials is that they are "new" or "not autochthonous" minorities and are a result ofmigrations in the past century. Ifany of those minoritieswere to be given autochthonous minority status, they say, thiswould lead to similar demands by other minorities, and for such a move, it wouldbe difficult to secure the two-thirds majority support in parliament required to amend the constitution.This refers to the Croat community, too, and according to statistics their number has diminished compared to the late 1980s, when about 54,000 Croats lived in Slovenia and when theywere the largest minority.According to the 1991 census, there were 53,000 Croats in Slovenia whereas in 2001 that number was 36,000. Inthe last census, conducted in 2011, declaring one's ethnicity was not obligatory, but it was noted that the share of Croats in the population was 1.8%, which is about 35,000.In other news:PM receives metropolitan of Zagreb-LjubljanaZAGREB, April 6 (Hina) - Ahead of Easter observed according to the Julian calendar, Prime Minister Andrej Plenkovic on Friday received the Metropolitan of Zagreb and Ljubljana, Porfirije, for talks onthe importance of cooperation in resolving issues important toSerb Orthodox believers and the Serb ethnic minority, the government said in a press release.Metropolitan Porfirije said he was satisfied with the legal status of the Serb Orthodox Church in Croatia.Plenkovic underlined the importance of cooperation and joint action in resolvingissues important to Serb Orthodox believers and the Serb ethnic minority, saying Croatia had accomplished a lot in protecting the rights of all its ethnic minorities and could be an example to many other countries.The two officials underlined the value of dialogue between representatives of state institutions and churches and religious communities in the spirit of partnership and respect.Rally of solidarity with Syrians held in ZagrebZAGREB, April 6 (Hina) - A peaceful rally of solidarity with Syrian citizens, who have been living the horrors of war for seven years, was held in downtown Zagreb on Friday evening.Around one hundred people rallied in the Zrinjevac park to write down messages of peace on pieces of cloth, calling for putting an end to the senseless war and lighting candles.Talal, a Syrian student from Zagreb, said that the war in Syria continued to destroy cities and people, leaving children without parents and schools, without their families and the future.According to official information, more than half a million people have been killed in the war in Syria, five million have left the country and more than six million have been internally displaced, said the student, who has been living in Zagreb for four years and whose parents have stayed in Damascus.Many countries profit from this war - Russia, Turkey, America and other countries, as well as NATO, while innocent civilians across Syria continue to suffer, said Talal, adding that there were around 50 Syrian asylum seekers in Zagreb.Assets minister, Italian ambassador discuss CimosZAGREB, April 6 (Hina) - State Assets Minister Goran Maric on Friday met with Italy's Ambassador to Croatia,Adriano Chiodi Cianfanari, todiscussthe continuation of cooperation regarding the Cimos car parts manufacturer, particularly further investments in the company, the State Assets Ministry said in a press release."The meeting focused on the continuation of cooperation on the Cimos project, with particular emphasis on interest expressed in further investment inthe company. To date, 6 million euro has been invested in the company, and over the next two years a further 14 million euro is expected," the press release said.The director of the Italian TCH company and of Cimos, Gino Berti, attended the meeting as well.According to the ministry'spress release, Berti underlined that future ***planned*** investments in the company would ensure its growth and production and create new jobs."I exceptionally value Cimos' work. Production is the root of the entire economy. It is the foundation on which the economy lies. It is my wish that the ***planned*** future investments in Cimos are realised and the ministry will do its best to assist in the process," Minister Maric said.In 2017 Cimos was sold to TCH, a part of the Italian Palladio Holding Group, for a symbolic amount of 110,000 euro but with the obligation to repay the company's debt of 110 million euro.Over the past ten years the number of employees in Cimos' plants in Slovenia, Croatia, Bosnia and Herzegovina and Serbia was reduced from 7,000 to 4,000, 1,500 of whom are employed in Slovenia, where the company is headquartered.At the time when they took over the company in Koper, Slovenia, the Italian owners announced that they would restructure it and reduce the number of workers.ZSE main indices down, turnover lowZAGREB, April 6 (Hina) - The main Zagreb Stock Exchange (ZSE) indices decreased on Friday, the Crobex by 0.26% to 1,801.44 points and the Crobex10 by 0.18% to 1,046.09 points.Regular turnover was a mere HRK 3.1 million and the only stock that crossed the million kuna mark was the HT telecom. It turned over HRK 1.2 million, closing at HRK 161.50 per share, the same as on Thursday.(EUR 1 = HRK 7.4)THIS BULLETIN INCLUDES ITEMS RELEASED BY 2100 HRS FRIDAY. (Hina) rml Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulicev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentic, DirectorEditor in Chief: Serdo Obratov Bulletin Editor: Marija Sestan

ZAGREB, April 6(Hina) - Croatia and France have many interests in common and the joint action ***plan*** signed today will give new impetus to their ***strategic*** partnership, Croatian Foreign Minister Marija Pejcinovic Buric said on Friday after meeting French European Affairs MinisterNathalie Loiseau.

Croatian PM, French FM say relations very good

Minister Loiseau also met with Prime Minister Andrej Plenkovic and the twodiscussedthe future of the European Union and the challenges it faced, assessing Croatian-French relations as very good and friendly.

Croatia and France ***plan*** to intensify dialogue as part of the preparations for Croatia's presidency over the Council of the EU in 2020.

ZAGREB, April 6(Hina) - Europe, its leaders and citizens must assume responsibility for their future and adapt to global challenges or someone else will do it in their stead, French Minister for European AffairsNathalie Loiseau said in Zagreb on Friday.

ZAGREB, April 6 (Hina) - Croatian Defence Minister Damir Krsticevic met in Tirana on Friday with his Albanian counterpart Olta Xhacka and said that with the procurement of fighter jets, Croatia would strengthen the capacityof its armed forces and increase its contribution to the security of Southeast Europe, as well asthat it was willing to offer the service of air policing to Albania, the Croatian Defence Ministry said in a press release.

ZAGREB, April 6 (Hina) - The Commercial Court inZagreb on Fridayprolongedthe emergencyadministration proceeding in the Agrokor food and retail groupby another three months, until July10.

ZAGREB, April 6 (Hina) - President Kolinda Grabar-Kitarovic on Friday opened the 21st Gudovac Spring Fair with 500 exhibitors from Croatia and 10 foreign countries, where she called for a comprehensive agrarian reform because, although HRK 40 billion has been invested in ***agriculture*** since Croatia declared independence, ***agricultural*** production has been halved.

ZAGREB, April 6 (Hina) - ***Agriculture*** Minister Tomislav Tolusic said on Fridaysaid that the first results from the inflow of money from European funds in ***agriculture*** can be seen in the procurement of machinery and that investments in building farms andgreenhouses and ***producing*** permanent crops were taking their course.

ZAGREB, April 6 (Hina) - The Hrvatske Ceste, Hrvatske Autoceste and Autocesta Rijeka-Zagreb road management companiessigned loan contracts with eight banks on Thursday and that is the final step in the second round of the financial restructuring of the road sector, the Ministry of the Sea, Transport and Infrastructure said on Friday.

ZAGREB, April 6 (Hina) - Prime Minister and HDZ party leader Andrej Plenkovic said on Friday that the selection of the head of the Expert Task Force to implement the curricular reform was not a topic over which to outvote one another, but that rather a solution should be sought that would enable the continuation of the education reform.

"My view is that this is not a topic over which we should outvote one another, we should be looking for a solution that will make it possible to continue the education reform," Plenkovic said after a session of the HDZ Presidency when asked by reporters if he had given up on Matko Gluncic as a candidate for the head of the Expert Task Force.

The HDZ's coalition partner, the Croatian People's Party (HNS), and Science and Education Minister Blazenka Divjak, are against Gluncic's appointment.

Asked if Divjak had acted tactlessly when she recently said that a person who had applied for a public office (Gluncic) was unacceptable, Plenkovic said that the question should be put to the minister.

"I don't think it's good to comment on any of the candidates while the (selection) procedure is under way. That is clear to anyone who follows a process like this one," he said.

He stressed that his approach as prime minister, regarding the topic of education, which had elicited many disputes in the past few years, was inclusive and that he wanted a consensus to be reached so that the best possible curricula and teaching ***plans*** and ***programmes*** were made.

Plenkovic recalled that six candidates had applied for the position of the head of the Expert Task Force and were interviewed, "unlike in some earlier situations, when a single candidate would apply".

Also, a panel of people who "think with their own heads" have analysed who could be the best candidate for the post, said Plenkovic.

He would not give a straightforward answer when asked when he would meet with HNS president Ivan Vrdoljak, saying briefly that Vrdoljak was out of the country and that he would meet with him when he returned.

As for the ratification of the Istanbul Convention, Plenkovic said that the HDZ had taken a clear stand on the matter, and as to whether there would be HDZ MPs with a different position, he said that this would be known after a session of the HDZ party group in the parliament on Tuesday. He also said that there would be no sanctions for MPs who would decide to vote contrary to the decision of the party's bodies, stressing that the HDZ was a democratic party.

ZAGREB, April 6(Hina) - The education of teachers, teaching assistants and school principals for the experimental stage of the curricular reform starts on Monday, April 9, Science and Education Minister Blazenka Divjak said on Friday in a letter to the principals of the schools that will be included in the experimental ***programme*** as of this autumn.

Noting that this was the most important phase of the introduction of the reform into schools, Divjak said that teacher training would last throughout April, May and June and that it would continue at the end of August and last throughout the school year2018/2019, and longer, if necessary.

Education will be conducted in an on-line environment for learning, cooperation and communication that will also serve to provide support to teaching staff throughout preparations and implementation of the experimental ***programme***, the minister said.

The online environment has been chosen so that all participants have access to the newest and relevant information on the ***programme***'s preparation and implementation, the minister said, among other things.

ZAGREB, April 6 (Hina) - The Croatian tourist industry is not heading towards mass tourism, but integral development, sustainability and quality, which is why there is growing demand for Croatia, Tourism Minister Gari Cappelli told Hina in an interview.

ZAGREB, April 6 (Hina) - Retail sales in Croatia in February 2018 increased 1.2% on the year and that is the 42nd consecutive month of growth, albeit at a significantly lower pace than in the previous month.

ZAGREB, April 6 (Hina) - Croatia's gross external debt reached EUR 40.1 billion at the end of 2017, which is 3.7% less than in 2016, and the external debt to GDP ratio fell to 82.3%, Raiffeisenbank Austria (RBA) said in a report on Friday.

ZAGREB, April 6(Hina) - The Family Bill, which envisages the introduction of education for children in line with their parents' religious beliefs, is opposed by the ruling HDZ party's coalition partner, the Croatian People's Party (HNS), whose representatives have said that Croatia is a secular state and that religion should be taught in religious communities and not in schools.

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**Body**

Lithium stocks have rocketed over the last 12 months propelled by the unabated demand for lithium-ion (Li-ion) batteries. The world's largest lithium ***producer***,Albemarle Corp.(NYSE: ALB), has delivered a 77% return over the last year. During the same periodSociedad Quimica y Minera de Chile(NYSE: SQM) surged 150% and FMC Corp (FMC) is up 95%. All three major ***producers*** trade near all-time highs but cracks are beginning to show. Respected investment bank, Baird, just downgraded Albemarle to neutral, stating that near-term execution is already priced into ALB's stock and the shares are fully valued at current levels ([*http://nnw.fm/a9WRJ*](http://nnw.fm/a9WRJ)). Despite continued massive upside in the lithium market, the big three lithium ***producers*** may now be over-crowded and already reached full value. To profitably exploit market imbalance and burgeoning demand, rotation to prospective junior lithium miners likeStandard Lithium Ltd.(TSX-V: SLL) (OTC: STLHF) (FRA: S5L)(SLL Profile)andNemaska Lithium Inc. (TSX: NMX) (OTC: NMKEF) may be imminent.

Demand for lithium is certain to surge as vehicles become greener and electricity becomes cleaner. Indicative of its importance, Goldman Sachs has identified lithium as 'the new gasoline'. Worldwide sales of lithium salts are currently only about $1 billion a year, but the element has become a crucial component of Li-ion batteries that now power everything from electric cars to power tools to smart phones. Lithium demand has been projected to grow over 300% within the next eight years. However, with evermore electric utility companies expanding solar power capacity requiring high-density Li-ion energy storage, lithium demand could soar exponentially. As example, Duke Energy recently halted a proposed nuclear power plant in Florida and instead ***plans*** a $6 billion solar and battery infrastructure investment ([*http://nnw.fm/gp4RD*](http://nnw.fm/gp4RD)). The unrelenting demand for rechargeable batteries and high-density energy storage has created an escalating dependence on lithium which has sparked a global search for new lithium fields.

Standard Lithium Ltd. (TSX-V: SLL.V) (FRA: S5L) (OTCQX: STLHF)is in the thick of the hunt for new lithium sources. The company is intensely focused on further exploration and the immediate development of its Bristol Dry Lake, Brine Project located in the Mojave region of California. With the signing of its mineral lease agreement with National Chloride Corporation of America - a Permitted Brine ***Producer*** - for the exploration of lithium, Standard Lithium's Bristol Lake project now encompasses approximately 25,000 acres of placer mineral claims and private property. The company's geophysics team recently concluded a comprehensive gravity survey over the entire basin, and initial interpretation of the data indicates that the basin is deep and expansive. Historical drilling and sampling to total depths of approximately 500 feet has ***produced*** brine samples with lithium values over 100 mg/L for the entire drilled interval.

For nearly 100 years National Chloride and others have surfaced mined the area to ***produce*** chloride for various industrial applications. Subsequently, the area has excellent mining infrastructure, which addresses the primary challenges in cost effective lithium mining and production - location, access and infrastructure. Standard Lithium's location already has easy road and rail access, abundant electricity and water sources, and is permitted for extensive brine extraction and processing activities. There is electric power and water on the property with a major paved road on the western edge and a rail siding nearby.

The ***strategic*** relationship with National Chloride, allows Standard Lithium immediate access to conduct exploration brine sampling and extraction, evaporation and processing activities, and enable a fast-tracked project development schedule. The project is in a friendly, clean energy development jurisdiction with proven near surface brines which provide for efficient geophysical exploration drilling ***programs***. The company anticipates selective lithium recovery through a combination of membrane, chemical precipitation and solvent extraction. With a market cap of only $62 million, successful strategy execution could easily propel Standard Lithium to new heights as a significant low cost domestic ***producer*** of battery grade lithium materials.

To exceed objectives and market expectations, Standard Lithium has established a world-class Scientific Advisory Council of lithium extraction scientists and process engineers that are in charge of the lithium extraction process testing work ([*http://nnw.fm/NmC1U*](http://nnw.fm/NmC1U)). As Robert Mintak, CEO of Standard Lithium stated, "Standard Lithium has a very clear focus, we have the ideal team with a blend of experience, knowledge, technical agility and pragmatic problem-solving abilities, to develop optimal process solutions for Standard Lithium's world-class assets." There's little doubt of Standard Lithium's intent to ***produce*** low cost domestic lithium and capitalize on the immense global market imbalance.

The demand for Li-ion batteries will likely explode as grids modernize to handle the massive influx of mainstream electric vehicles, battery devices and ever more electric utilities that require more high-density energy storage systems. Investors need direct or indirect exposure to lithium and/or lithium batteries to profit from this energy revolution.

Another prospective junior miner,Nemaska Lithium(TSX: NMX.TO), is an exploration stage lithium miner focused on supplying the essential element to the battery industry through exploration and development of hard rock lithium mining and the processing of spodumene (lithium aluminum silicate) into lithium compounds. The company has yet to ***produce*** lithium and claims a proprietary process to ***produce*** lithium hydroxide and lithium carbonate for which patents have been filed. For the three months ended in March 2017, unaudited financial statements show a net operating loss of over $2 million for Nemaska, and, in a testament to escalating lithium demand, the company carries a lofty $430+ million market capitalization.

Of the three major lithium ***producers***,Albemarle Corp.(NYSE: ALB) is the largest and derives nearly 39% of its total revenue from lithium sales. Long a global leader in the specialty chemical business, Albemarle's lithium business segment mines lithium and converts it into different forms along the value chain, like lithium carbonate and lithium hydroxide, or value-added specialties like butyl lithium and lithium aluminum hydride. With its acquisition of Rockwood Holdings in 2015, the company now controls one of the only operating lithium brines in North America and operates another lithium brine in Chile. ALB also holds a 49% share in Talison Lithium in Australia and is expanding production there in 2019 under a joint venture. Given Baird's recent downgrade of the stock to neutral 'with little opportunity seen for near-term upside' investors looking to deploy capital in the lithium market may want to consider other options at this time.

Sociedad Quimica y Minera S.A.(NYSE: SQM) is part of the global scramble to secure supplies of lithium to feed battery ***producers*** and other end-users. Headquartered in Chile, SQM ***produces*** over 45,000 tons of lithium carbonate equivalent per year. With hints of shadowy connections, recent revelations show a Chinese state-controlled firm may bid for part of a controlling stake in SQM in conjunction with China's attempts to secure continuous supplies of this vital raw material ([*http://nnw.fm/XKkK4*](http://nnw.fm/XKkK4)). SQM ***plans*** to expand lithium carbonate capacity in Chile to 63,000 metric tons by 2018. Shares of SQM surged to all-time highs in 2017 and are now a frothy $56 per share. The company is inconsistent in paying dividends that yield around 3% and carries a hefty 42+ PE ratio.

FMC Corp. (FMC) owns and operates a 17,000+ tons per year lithium brine facility in Argentina, where political upheaval has sparked rampant inflation and social discord. FMC is a large diversified multinational chemical company servicing global ***agricultural***, consumer and industrial markets, and lithium represents only a small fraction of company revenues. The company operates in three business segments: FMC ***Agricultural*** Solutions, FMC Health and Nutrition and FMC Lithium. FMC's shares trade near all-time highs with a PE ratio over 56. Looking to boost lithium revenues, FMC ***plans*** to increase lithium hydroxide capacity to 30,000 metric tons per year by the end of 2019. As with most established lithium ***producers***, shares of FMC trended much higher in 2017.

Investment risk in these three chemical conglomerates is mitigated since overall performance is tied to other chemicals and metals. However, each of these lithium behemoths are trading near all-time highs, may be crowded and fully valued, and don't provide the pure play direct exposure to the lithium market that a junior mining company may offer.

In spite of its downgrade of ALB, Baird stated that, it continue(s) to believe lithium is in a multiyear growth cycle. It's estimated that in just eight years over 785,000 metric tons per year of lithium carbonate equivalent will be needed to meet global demand ([*http://nnw.fm/riS7f*](http://nnw.fm/riS7f)) compared to 227,000 tons of supply this year. Many other analysts are even more bullish expecting greater demand, larger lithium deficits and further price increases for this essential element. New sources of lithium are necessary to meet the insatiable demand. For the foreseeable future, well positioned lithium investors should be richly rewarded.

For more information on Standard Lithium please visit: Standard Lithium Ltd. (TSXV: SLL) (FRA: S5L) (OTCQX: STLHF)

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212-418-1217 Office

[*Editor@NetworkNewsWire.com*](mailto:Editor@NetworkNewsWire.com)

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Media Contact:

FN Media Group, LLC

[*editor@financialnewsmedia.com*](mailto:editor@financialnewsmedia.com)

+1-954-345-0611

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**End of Document**



[***Pakistan - Q2 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S5J-VBV1-JD33-J2H5-00000-00&context=1516831)

Business Monitor Online

April 23, 2018 Monday

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**Length:** 897 words

**Highlight:** Pakistan's power sector is operated by the Water and Power Development Authority (WAPDA) and Karachi Electric Supply Company (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.

**Body**

Pakistan's power sector is operated by the **Water and Power Development Authority** (WAPDA) and **Karachi Electric Supply Company** (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.In 1992, a ***strategic*** ***plan*** for restructuring the Pakistani power sector was approved by the government. As a part of the process, WAPDA was restructured into 14 public limited companies under corporate law. Progress includes the creation of **Pakistan Electric Power Company** (PEPCO) as a private limited management company owned by the government to steer, manage and oversee the reform ***programme***.

The 14 sub-companies comprise four thermal generators, one national transmission company and nine regional distribution entities.In a bid to accelerate structural reforms in the power sector, the government has decided to establish an entity to consolidate policymaking for all power generation companies for an interim period. The board of directors for the holding company, known as the Central Power Purchase Authority (CPPA), comprises representatives from the government, private generation companies, distribution companies, and end-users. The CPPA replaces Pakistan's main utility PEPCO in the areas of metered billing to, and collection from, the private sector. The CPPA would not have the authority to interfere in the operational independence and financial autonomy of private generation companies. **Water And Power Development Authority (WAPDA)** The power arm of WAPDA covers generation, transmission and distribution and has been restructured into 14 public limited companies. These include four generators: **Southern Power Generation Company Limited** (GENCO-1) based in the Jamshoro district in Dadu, near Hyderabad, Sindh; **Central Power Generation Company Limited** (GENCO-2) based in the Guddu district in Jacobabad, Sindh; **Northern Power Generation Company Limited** (GENCO-3) based in the TPS Muzaffargarh district in Muzaffargarh, Punjab; and **Lakhra Power Generation Company Limited** (GENCO-4) based at the WAPDA headquarters in Lahore.GENCO-1 has installed capacity of 850 megawatts (MW) of thermal generation (oil- or dual oil/gas-fired) at Jamshoro and GTPS Kotri has 174MW of dual oil/gas-fired capacity. GENCO-2 has 1.4 gigawatts (GW) of installed generating capacity fired by gas, fuel oil or diesel. GENCO-3 has 1.3GW of gas/oil-fired plants, plus the dual-fuelled Multan 130MW site and the 190MW Faisalabad complex. GENCO-4 has 120MW of coal-fired capacity at Lakhra.The central transmission entity that operates the national grid is **National Transmission And Power Dispatch Company** (NTDC). There are nine distribution companies: **Lahore Electric Supply Company** (Lesco); **Gujranwala Electric Power Company** (Gepco); **Faisalabad Electric Supply Company** (Fesco); **Islamabad Electric Supply Company** (Iesco); **Multan Electric Power Company** (Mepco); **Peshawar Electric Power Company** (Pesco); **Hyderabad Electric Supply Company** (Hesco); **Quetta Electric Supply Company** (Qesco); and **Tribal Electric Supply Company** (Tesco).The transmission system controlled by WAPDA connects the country's power stations and load centres as a national grid network, with hydropower supply in the north and thermal generators in the middle and south of the country linked to more than 10mn customers nationwide. The NTDC carries out design, maintenance and operation of a network of secondary transmission lines and grid stations throughout the country. This system consists of 50,461km of transmission lines - including 500 kilovolts (kV), 132kV and 66kV - and 615 substations, as of 2009. The NTDC also operates and maintains 12 grid stations ***producing*** 500kV and 26 grid stations ***producing*** 220kV. **Karachi Electric Supply Corporation (KESC)** Incorporated in 1913, KESC is the only fully integrated power utility operator - with exclusive franchise rights for Karachi and its adjoining areas. Unlike WAPDA, post-privatisation KESC is still an integrated electrical utility company engaged in generation, transmission, distribution and retail supply of electricity to industrial, commercial, ***agricultural*** and residential consumers within its franchised area (6,000 sq km). The company is currently listed on all three of Pakistan's stock exchanges but **Abraaj Capital**, a private equity firm based in Dubai, is the major stakeholder and has full management control.Electricity and gas shortages in Karachi continue to be widespread, as the company remains unable to collect dues from its non-paying customers. This has resulted in a large deficit in its cash flow and inability to secure gas supplies to sell to consumers. The company mortgaged 12 of its grid stations in order to get a loan from a consortium of private firms and banks for five years in 2013.The National Energy Policy 2013-2018, however, includes ***plans*** for the privatisation of public power firms, as well as revamping WAPDA and the other relevant authorities. Despite this, no further details have been released.

**Load-Date:** April 23, 2018

**End of Document**



[***Dow Chemical - Q3 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P28-YFN1-F0J5-81G3-00000-00&context=1516831)

United States Petrochemicals Report

July 1, 2017 Saturday

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**Length:** 1365 words

**Highlight:** Dow Chemical manufactures a portfolio of products in the chemicals, plastics and ***agricultural*** sectors. Its business units include performance plastics, performance chemicals, ***agricultural*** sciences, basic plastics, basic chemicals and hydrocarbons and energy. It has 150 manufacturing sites in 35 countries and ***produces*** about 3,300 products.

**Body**

**SWOT Analysis**

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| Strengths | A broad portfolio of 3,300 products, covering performance plastics, agro-industry, basic chemicals, basic plastics, hydrocarbons and energy. 150 manufacturing sites in 35 countries gives Dow Chemical a strong production base and global corporate reach. Dow has strong research and development (R&D) and is a leader in licensing technologies, shored up by its acquisition of Rohm and Haas in 2009. The US's third largest ethylene ***producer***, with 14% of national capacity. |
| Weaknesses | Dow has only modest capacities in polyvinyl chloride (PVC) and no polyethylene terephthalate (PET) capacity. It failed to add value to these production chains in spite of its strong monoethylene glycol (MEG) and vinyl chloride monomer (VCM) capacities. Lack of propylene capacity limits Dow's ability to exploit the growing popularity of polypropylene (PP). |
| Opportunities | Dow is ***planning*** to exploit the growth in ethane availability provided by shale gas to set up a new world-scale cracker by 2019. ***Planned*** expansions also include 900,000 tonnes per annum (tpa) of propylene capacity over the coming years, improving Dow's involvement in the propylene chain. Re-commissioning work at Dow's ethylene manufacturing site at its St Charles complex near Hahnville, Louisiana, which was shuttered in 2009, is on track, and the 2.3mntpa unit was brought back online in Q113. |
| Threats | A slowdown in the US market would severely hamper operations. Increased regulation is an ongoing concern, which increases costs and erodes competitive advantages of its US operations. |

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| **Company Overview** | Dow Chemical manufactures a portfolio of products in the chemicals, plastics and ***agricultural*** sectors. Its business units include performance plastics, performance chemicals, ***agricultural*** sciences, basic plastics, basic chemicals and hydrocarbons and energy. It has 150 manufacturing sites in 35 countries and ***produces*** about 3,300 products. |

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| **Strategy** | Strategically, Dow states that it seeks greater integration of its activities as well as diversifying its markets, particularly in Europe, Asia and Latin America, in order to compensate for its weaknesses in North America. Due to concerns over volatility in feedstock and energy costs, it ***plans*** ***strategic*** joint ventures to grow its basic plastics and chemicals business. The ***planned*** merger of Dow Chemical and DuPont is likely to be delayed until H117 due to an investigation by the European Commission. European antitrust regulators opened the investigation in August 2016, arguing the deal could reduce competition in crop protection, seeds and petrochemicals, according to media reports. Shareholders from both companies were to vote on the deal in July 2016. The USD120bn merger of the US's largest chemicals groups would bring to an end the independence of two of the greatest names in US industry. The companies said they had filed a first round of required information regarding the merger ***plans*** with the Federal Trade Commission and the Justice Department's antitrust unit during January 2016. In February 2016, US regulators requested additional information about their merger, which will extended their antitrust review for a further month; at the time of writing, the authorities were still reviewing the merger. Capitol Forum, a Washington publication that studies antitrust issues, concluded that the Department of Justice could force some divestitures to deal with the Dow-DuPont market dominance in agrosciences. Chinese antitrust regulators could also be a stumbling block. Both companies have been involved in streamlining and reducing costs. In 2015, DuPont spun off its business making titanium dioxide pigment as a new company called Chemours, and is conducting rounds of cost cuts. Dow has also been offloading businesses, selling its chlorine-based operations to Olin for about USD5bn and also engaging in cost-cutting initiatives. However, both companies have failed to convince investors of long-term profitability in an increasingly competitive market. DuPont has seen sales slide from 2013 with the strong US dollar undermining its revenue; around 60% of its sales originate outside North America. A merger of Dow and DuPont would enable the companies to align their assets, rationalise costs and overlapping operations, cut out duplication, and build up their joint strengths. Dow's petrochemical operations also provide the inputs used in DuPont's ethylene copolymers. Their plastics and specialty chemical businesses have benefited from lower energy costs. However, their overlapping agrochemicals divisions have struggled with weak demand for crop protection products. The companies believe the merger, if it receives regulatory approval in several countries, would create USD8.5bn in value. As of early December, Dow had a market valuation of USD59bn while DuPont was valued at USD58bn. The combined company could eventually split into different operations, with petrochemicals grouped together. However, a merger followed by a demerger will be a complex affair, creating uncertainty for investors. |

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| **Operational Data** | Dow currently has a total ethylene production capacity of approximately 5.2mn tpa in the US and Canada, with operations in Fort Saskatchwan, Alberta (1.29mn tpa), Freeport, Texas (1.68mn tpa), Taft, Texas (1mn tpa), and Plaquemine, Louisiana (1.23mn tpa). The company also has one steam cracker with two units with a capacity of roughly 760,000tpa at its Bahia Blanca complex in Argentina. European facilities, with a combined capacity of 2.94mn tpa, include its Bohlen, Germany, Terneuzen, Netherlands, and Tarragona, Spain units. Total global ethylene capacity for Dow is approximately 8.9mn tpa. ***Plans*** for new ethylene capacity include a 1.5mn tpa cracker located in Freeport, Texas with expected startup in 2017. Dow Chemical possesses 14% of US ethylene capacity, making it the country's third largest ***producer***. In terms of propylene, it has 6% of national capacity. Dow's production activities in the US are focused largely on polyethylene (PE) and PP production. While it ***produces*** significant quantities of VCM and MEG, it has only modest capacities in PVC and no PET capacity, indicating it is failing to add value to these production chains. In terms of PET, this could be to its disadvantage as BMI forecasts above-trend growth in PET demand over the medium-to-long term. A lack of propylene capacity also limits its ability to exploit the growing popularity of PP. Dow Chemical began construction in Q314 of a new world-scale ethylene production plant at Freeport, Texas, to take advantage of supply from shale gas deposits. It is set to come on-stream in 2017-2019. Dow is ***planning*** to invest USD4bn in its ethylene and propylene production facilities in the Gulf Coast region. Dow's operations in Freeport represent its largest integrated manufacturing site worldwide, as well as the US' largest chemical complex. It ***plans*** to build two on-purpose propylene plants, including one in Texas, with a combined capacity of 900,000tpa. These investments will reduce Dow's net purchases of propylene to less than 10% of its total utilisation at the company's US operations. Dow Chemical is proceeding with ***plans*** to expand plastics capacity in North and South America. The company is set to expand the PE capacity of its four PE production plants in Bahia Blanca, Argentina. The company's low-density polyethylene (LDPE) facility in Argentina will be revamped for manufacturing resins for extrusion coating used in packaging. The expanded ethylene and PE capacity in the US is scheduled to come online in H117. The company is likely to generate annual pre-tax profit of USD2.5bn through its plastics and feedstock expansion ***programme*** on the US Gulf Coast. |

**Dow Financial Results (USDmn)**

|  | **2016** | **2015** | **2014** | **2013** |
| --- | --- | --- | --- | --- |
| Total revenue | 48,158 | 48,778 | 58,167 | 57,080 |
| Total operating expense | 43,436 | 38,647 | 52,805 | 50,260 |
| Operating income | 4,722 | 10,131 | 5,362 | 6,820 |
| Net income | 4,318 | 7,685 | 3,772 | 4,787 |

Source: Dow

|  |  |
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| **Company Details** | Dow Chemical 2030 Dow Center Midland Michigan 48674 United States Tel: +1 989 636 1000 Fax: +1 989 832 1556 [*www.dow.com*](http://www.dow.com) |

**Load-Date:** July 19, 2017

**End of Document**



[***Register of Commission documents: European Parliament resolution of 6 July 2017 on EU action for sustainability (2017/2009(INI)) Document date: 2017-07-06 P8\_TA-PROV(2017)0315 Texts adopted (provisional edition)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5P97-J9Y1-JDG9-Y0M5-00000-00&context=1516831)

Impact News Service

August 19, 2017 Saturday

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**Length:** 12456 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

European Parliament 2014-2019 TEXTS ADOPTED Provisional edition P8\_TA-PROV(2017)0315 EU action for sustainability European Parliament resolution of 6 July 2017 on EU action for sustainability (2017/2009(INI)) The European Parliament, – having regard to the United Nations resolution on ‘Transforming our World: The 2030 Agenda for Sustainable Development’, adopted at the UN Sustainable Development Summit on 25 September 2015 in New York1, – having regard to the Agreement adopted at the 21st Conference of Parties (COP21) in Paris on 12 December 2015 (the Paris Agreement), – having regard to Article 3(3) and (5) of the Treaty on European Union (TEU), – having regard to Article 7 of the Treaty on the Functioning of the European Union (TFEU), which reaffirms that the EU ‘shall ensure consistency between its policies and activities, taking all of its objectives into account’, and to Article 11 of TFEU, – having regard to the Commission communication of 22 November 2016, ‘Next steps for a sustainable European future – European action for sustainability’ (COM(2016)0739), – having regard to the UN Convention on the Rights of Persons with Disabilities, ratified by the EU in January 2011, – having regard to the General Union Environment Action ***Programme*** to 2020 entitled ‘Living well, within the limits of our planet’2, – having regard to the European Environment Agency (EEA) Report No 30/2016: the Environmental indicator report 2016, – having regard to its resolution of 12 May 2016 on the follow-up to and review of the 2030 Agenda3, 1 A/RES/70/1. 2 Decision No 1386/2013/EU of the European Parliament and of the Council of 20 November 2013 (OJ L 354, 28.12.2013, p. 171). 3 Texts adopted, P8\_TA(2016)0224. – having regard to the ***Strategic*** Note of the Commission’s European Political Strategy Centre of 20 July 2016 entitled ‘Sustainability Now!

A European Voice for Sustainability’1, – having regard to the EU Biodiversity Strategy to 20202, to its mid-term review3 and to the European Parliament resolution of 2 February 2016 on the mid-term review4, – having regard to the reports of the UN Environment ***Programme*** (UNEP) International Resource Panel entitled: ‘Policy Coherence of the Sustainable Development Goals’ (2015), ‘Global Material Flows and Resource Productivity’ (2016) and ‘Resource Efficiency: Potential and Economic Implications’ (2017), – having regard to the Joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 10 November 2016 on ‘International ocean governance: an agenda for the future of our oceans’ (JOIN(2016)0049), – having regard to the Habitat III New Urban Agenda Agreement adopted in Quito on 20 October 2016, – having regard to Rule 52 of its Rules of Procedure, – having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Development, the Committee on ***Agriculture*** and Rural Development and the Committee on Culture and Education (A8-0239/2017), A. whereas the EU and its Member States have adopted the 2030 Agenda for Sustainable Development (hereinafter ‘the 2030 Agenda’), including the Sustainable Development Goals (SDGs); B. whereas the UN’s 17 Sustainable Development Goals (SDGs) represent a blueprint for a better society and world, deliverable through practical and measurable action and covering a number of issues including achieving better and more equal health outcomes, greater wellbeing and education of citizens, higher overall prosperity, action against climate change and the conservation of the environment for future generations, and as such must always be considered horizontally across all areas of the Union’s work; C. whereas future economic growth will only be possible by fully respecting the planetary boundaries in order to ensure a life of dignity for all; D. whereas the 2030 Agenda has a transformational potential and sets out universal, ambitious, comprehensive, indivisible and interlinked goals, aimed at eradicating poverty, fighting discrimination, and promoting prosperity, environmental responsibility, social inclusion and respect for human rights, and strengthening peace 1 [*https://ec.europa.eu/epsc/sites/epsc/files/****strategic****\_note\_issue\_18.pdf*](https://ec.europa.eu/epsc/sites/epsc/files/strategic_note_issue_18.pdf) 2 Commission communication of 3 May 2011 entitled ‘Our life insurance, our natural capital: an EU biodiversity strategy to 2020’ (COM(2011)0244). 3 Commission report of 2 October 2015 on the mid-term review of the EU biodiversity strategy to 2020 (COM(2015)0478). 4 Texts adopted, P8\_TA(2016)0034. and security; whereas these goals require immediate action with a view to full and effective implementation; E. whereas the Commission has not yet established a comprehensive strategy to implement the 2030 Agenda encompassing internal and external policy areas with a detailed timeline up to 2030, as requested by the European Parliament in its resolution of 12 May 2016 on the follow-up to and review of the agenda, and has not fully taken up a general coordination role for the actions taken at national level; whereas an effective implementation strategy and a monitoring and review mechanism are essential in order to achieve the SDGs; F. whereas the 17 SDGs and 169 underlying targets touch on all aspects of the Union’s policy; G. whereas many of the SDGs directly concern the powers of the EU in addition to the national, regional and local authorities and their implementation therefore requires a true multi-level governance approach with an active and broad-based civil society engagement; H. whereas climate change is not a stand-alone environmental issue but presents, according to the UN1, one of the greatest challenges of our time and poses a serious threat to sustainable development, and its widespread, unprecedented impacts place a disproportionate burden on the poorest and most vulnerable and increase inequality between and within countries; whereas urgent action to combat climate change is integral to the successful implementation of the SDGs; I. Whereas the Europe 2020 climate change and energy sustainability targets are: to reduce greenhouse gas emissions (GHGs) by 20 %, to meet 20 % of EU energy demand with renewables, and to increase energy efficiency by 20 %; whereas the EU is committed to a reduction in domestic GHG emissions of at least 40 % by 2030 compared to 2005 levels, subject to a ratchet-up mechanism under the Paris Agreement; whereas Parliament has called for a binding 2030 energy efficiency target of 40 % and a binding renewable energy sources (RES) target of at least 30 %, and stresses that such targets should be implemented by means of individual national targets; J. Whereas the EU and its Member States are all signatories to the Paris Agreement, and as such are committed to working with other countries to limit the increase in global warming to well below 2 °C, and to pursue efforts to further limit it to 1,5 °C and therefore to attempt to limit the worst risks of climate change, which undermine the ability to achieve sustainable development; K. whereas healthy seas and oceans are essential to support abundant biodiversity, and provide food security and sustainable livelihoods; L. whereas the Commission is required, under the 7th Environment Action ***Programme*** (EAP), to assess the environmental impact, in a global context, of Union consumption of food and non-food commodities; M. whereas any appraisal of the current and future effectiveness of the SDG agenda in 1   [*https://unstats.un.org/sdgs/report/2016/goal-13/*](https://unstats.un.org/sdgs/report/2016/goal-13/) Europe should not only speak to the current successes, but also look to future efforts and schemes, and should also be based on a thorough assessment of the gaps between the EU’s policies and the SDGs, including areas where the EU does not meet the SDG targets, weak implementation of current policies and potential contradictions between policy areas; N. whereas, according to the EEA, it is highly likely that 11 of the 30 priority objectives of the EAP will not be achieved by the 2020 deadline; O. whereas the financing of the SDGs poses an enormous challenge which demands a strong and global partnership and the use of all forms of financing (from domestic, international, public, private and innovative sources), as well as non-financial means; whereas private financing can complement, but not substitute public funding; P. whereas effective mobilisation of domestic resources is an indispensable factor in achieving the objectives of the 2030 Agenda; whereas developing countries are particularly affected by corporate tax evasion and tax avoidance; Q. whereas promoting sustainable development requires resilience, which should be fostered by means of a multifaceted approach to the EU’s external action and by upholding the principle of policy coherence for development; whereas the Member States’ and EU’s policies have both intended and unintended effects on developing countries, and the SDGs constitute a unique opportunity to achieve more coherence and fairer policies towards developing countries; R. whereas international trade can be a powerful driver of development and economic growth and a large share of EU imports comes from developing countries; whereas the 2030 Agenda acknowledges trade as a means of achieving the SDGs; S. whereas addressing the challenge of migration and the demands of an increasing global population is essential for achieving sustainable development; whereas the 2030 Agenda emphasises the role of migration as a potential driver of development; whereas Article 208 of TFEU establishes the eradication of poverty as the primary objective of EU development policies; 1. Takes note of the Commission communication on European action for sustainability, which maps existing policy initiatives and instruments at European level and serves as a reaction to the 2030 Agenda; stresses, however, the necessity of a comprehensive assessment, including policy gaps and trends, inconsistencies and implementation deficiencies as well as the potential co-benefits and synergies, of all existing EU policies and legislation in all sectors; underlines the need for coordinated action for this assessment at both European and Member State levels; calls, therefore, on the Commission, on the Council, in all its formations, and on the EU agencies and bodies, to pursue this work without delay; 2. Highlights that the aim of the 2030 Agenda is to achieve greater well-being for all and that the three equal pillars of sustainable development, namely social, environmental and economic development, are essential for achieving the SDGs; underlines the fact that sustainable development is a fundamental objective of the Union as laid down in Article 3(3) of TEU and should play a central role in the debate on the future of Europe; 3. Welcomes the Commission’s commitment to mainstreaming SDGs into all EU policies and initiatives, based on the principles of universality and integration; calls on the Commission to develop, without delay, a comprehensive short-, medium-, and long-term coherent, coordinated and overarching framework strategy on the implementation of the 17 SDGs and their 169 targets in the EU, recognising the inter-linkages and parity of the different SDGs by taking a multi-level governance and cross-sectoral approach; underlines, furthermore, the necessity of integrating all aspects of the 2030 Agenda into the European Semester and of ensuring Parliament’s complete involvement in the process; calls on the First Vice-President, who has cross-cutting responsibility for sustainable development, to take a lead on this; stresses the fact that the EU and its Member States have made a commitment to fully implementing all SDGs and targets, both in practice and in spirit; 4. Recalls the importance of the underlying principle of the 2030 Agenda of ‘leaving no one behind’; asks the Commission and the Member States to take strong action in addressing inequalities within and between countries, as these magnify the impact of other global challenges and hinder progress on sustainable development; asks the Commission and the Member States to promote research and data disaggregation in their policies in order to ensure that the most vulnerable and marginalised are included and prioritised; 5. Welcomes the Commission’s commitment to mainstreaming the SDGs into its Better Regulation agenda and underlines the potential of using the Better Regulation tools strategically in order to evaluate EU policy coherence with regard to the 2030 Agenda; calls on the Commission to establish an SDG check of all new policies and legislation and to ensure full policy coherence in the implementation of the SDGs, while promoting synergies, gaining co-benefits and avoiding trade-offs, both at European and Member State levels; underlines the need to include sustainable development as an integrated part of the overarching framework of impact assessments, not as a separate impact assessment as is currently the case according to the Commission’s Better Regulation toolbox; calls for the tools designed to measure and quantify medium- and long-term environmental outcomes in impact assessments to be improved; calls on the Commission, furthermore, to ensure that evaluations and fitness checks carried out within the framework of the Regulatory Fitness and Performance (REFIT) ***programme*** assess whether certain policies or legislation contribute to the ambitious implementation of the SDGs or actually hinder it; calls for the clear identification and differentiation of the governance level at which the targets should be implemented, while stressing that the principle of subsidiarity should be respected; calls for the establishment of clear and coherent sustainable development pathways at national and, if necessary, subnational or local levels for those Member States which have not done so already; stresses that the Commission should provide guidance for this process in order to ensure a harmonised format; 6. Underlines that the 7th EAP is, in itself, a key instrument for the implementation of the SDGs, although action taken in some sectors is still not enough to ensure that the SDGs will be met; calls on the Commission and the Member States to take all the necessary steps to fully implement the 7th EAP, to incorporate in the evaluation of the 7th EAP an assessment of the extent to which its goals correspond to the SDGs and, by taking these outcomes into account, to come up with a recommendation for the successor ***programme***; calls on the Commission to propose in a timely manner a Union Environmental Action ***Programme*** for the period after 2020, as required by Article 192(3) of TFEU, as such a ***programme*** will contribute to achieving the SDGs in Europe; 7. Strongly urges the Commission to adhere to the governance agenda agreed upon in the Rio Declaration and in the 2030 Agenda, as well as in the 2002 Johannesburg ***Plan*** of Implementation (JPOI) and Rio+20 Outcome Document of the 2012 UN Conference on Sustainable Development; 8. Considers that the Commission should encourage the Member States to promote the establishment or enhancement of sustainable development councils at national level, including at local level; and to enhance the participation and effective engagement of civil society and other relevant stakeholders in the relevant international forums and, in this regard, promote transparency and broad public participation and partnerships to implement sustainable development; 9. Recognises that in order to meet the SDGs, multi-stakeholder engagement will be required from the EU, Member States’ local and regional authorities, civil society, citizens, business and third partners; calls on the Commission to ensure that the multi-stakeholder platform announced in its communication becomes a model of best practice for facilitating the ***planning***, implementation, monitoring and review of the 2030 Agenda; stresses that the platform should mobilise the expertise of different key sectors, promote innovation and contribute to ensuring effective links with stakeholders, encouraging the bottom-up promotion of sustainable development; stresses, moreover, that the platform should be much broader in scope than a peer-learning platform and allow for a real engagement of stakeholders in the ***planning*** and monitoring of the implementation of the SDGs; calls on the Commission to promote synergies with other related platforms such as the REFIT platform, the Circular Economy Platform, the High Level Working Group on Competitiveness and Growth and the High Level Expert Group on Sustainable Finance, and to report to Parliament and the Council on how the recommendations of the platform will be followed up; 10. Calls on the Commission to step up efforts to facilitate the governance of the SDGs to ensure the following: (i) Multi-sector: by setting up a national co-ordination structure responsible for the follow-up of Agenda 21 which would benefit from the expertise of NGOs; (ii) Multi-level: by establishing an effective institutional framework for sustainable development at all levels; (iii) Multi-actor: by facilitating and encouraging public awareness and participation by making information widely available; (iv) A focus on improving the science-policy interface; (v) Establishing a clear timetable that combines short-term and long-term thinking. Asks the Commission, therefore, to ensure that the multi-stakeholder platform results not only in pooling, but also in the dissemination of working knowledge on SDGs, and to ensure that the platform influences the policy agenda. As such, requests that the Commission, with input from Parliament and the Council, create a multi-stakeholder platform that engages actors from across a range of sectors. Business and industry, consumer groups, trade unions, social NGOs, environment and climate NGOs, development cooperation NGOs and local government and city representatives should all be represented in a forum of no less than 30 stakeholders. The meetings should be open to as many actors as possible and designed to be expanded if interest increases over time. The platform should, in its quarterly meetings, identify issues which present impediments to delivering on the SDGs. Parliament should consider the establishment of a working group on the SDGs so as to ensure horizontal working within Parliament on the topic. This forum should consist of MEPs representing as many of the Committees as possible. The Commission and Parliament should both be active in the meetings of the multi-stakeholder platform meetings. The Commission should ***produce*** an update to the platform each year on its future ***plans*** to help with SDG implementation, as well as a document that would be accessible at all levels in all Member States about best practice in implementing SDGs ahead of the UN SDG high level meetings in June/July. The Committee of Regions should act as a bridge between local actors and national actors; 11. Welcomes the increasing amount of institutional and private capital allocated to financing the SDGs and invites the Commission and the Member States to develop sustainable development criteria for EU institutional spending, to identify potential regulatory barriers and incentives to SDG investment and to explore opportunities for convergence and cooperation between public and private investments; 12. Welcomes the potential contribution of the Environmental Implementation Review to the achievement of the SDGs through the improved implementation of the acquis in the Member States; warns, however, that this review should not be considered a replacement for other tools such as infringement procedures; 13. Urges the Commission to develop effective monitoring, tracking and review mechanisms for implementing and mainstreaming the SDGs and the 2030 Agenda and calls on the Commission, in cooperation with Eurostat, to establish a set of specific progress indicators for the internal application of the SDGs in the EU; calls for the Commission to carry out annual reporting on the EU’s progress in SDG implementation; stresses that the Member States should be supported by the Commission in their coherent reporting; calls for Parliament to become a partner in the process, particularly in the second work stream post-2020, and calls for annual dialogue and reporting between Parliament, the Council and the Commission, culminating in the production of a report; urges that the results should be both transparent and easily understandable and communicable for a wide range of audiences; highlights the importance of transparency and democratic accountability when monitoring the 2030 Agenda and therefore underlines the role of the co-legislators in this process; considers that the conclusion of a binding interinstitutional agreement under Article 295 of TFEU would provide an appropriate arrangement for cooperation in this regard; 14. Recalls that Member States are required to report to the UN on their performance with respect to the SDGs; emphasises that these Member State reports should be developed in cooperation with competent local and regional authorities; underlines that in Member States with federal or devolved levels of government it is necessary to detail the specific challenges and obligations of these delegated levels of government in achieving the SDGs; 15. Calls on the Commission to promote sustainable global value chains with the introduction of due diligence systems for companies, with a focus on their entire supply chain, which would encourage businesses to invest more responsibly and stimulate a more effective implementation of sustainability chapters in free trade agreements, including in the areas of anticorruption, transparency, anti-tax avoidance and responsible business conduct; 16. Considers that any future vision of Europe must embrace the SDGs as a key principle, and that in doing so Member States should be moving towards sustainable economic models, and the role of the EU in achieving sustainable development should therefore be at the heart of the reflections launched by the Commission’s White Paper of 1 March 2017 on the Future of Europe (COM(2017)2025), where a stronger dimension of sustainability in the context of economic growth is needed; considers that achieving the SDGs and 2030 Agenda is crucial for the EU and that achieving the SDGs should be Europe’s legacy to future generations; recognises that the 2030 Agenda is in line with the principles and values of the Union and that achieving the SDGs therefore naturally follows the European Union’s ***plans*** to create a better, healthier and more sustainable future for Europe; 17. Calls on the Commission and the Member States to build capacities for integrated assessment, technological and institutional innovation and financial mobilisation for the achievement of the SDGs; 18. Recognises that most European countries, both EU and non-EU, are signatories to the SDG agreement; considers that, in the context of the debate on the future of Europe, consideration should be given to the development of a pan-European framework for the achievement of the SDGs among Member States of the EU and EEA, signatories to EU association agreements, EU candidate countries and, following its withdrawal, the United Kingdom; 19. Stresses the role of the High-Level Political Forum in the follow-up and review of the SDGs, and calls on the Commission and Council to honour the EU’s leading role in designing and implementing the 2030 Agenda by agreeing joint EU positions and joined-up EU reporting, based on coordinated reporting from the Member States and the EU institutions, ahead of the High-Level Political Forum under the auspices of the General Assembly; invites the Commission to take stock of existing actions during the upcoming High-Level Political Forum and the specific SDGs that will be under review; 20. Considers that the EU should be the global frontrunner of the transition to a low-carbon economy and a sustainable production-consumption system; invites the Commission to orient its science, technology and innovation (STI) policies towards the SDGs and calls on it to devise a communication on STI for sustainable development (‘STI4SD’), as recommended by the Commission Expert Group on the ‘Follow-up to Rio+20, notably the SDGs’, in order to formulate and support long-term policy coordination and cohesion; 21. Stresses that science, technology and innovation are particularly important tools for implementing the SDGs; emphasises the need for Horizon 2020 and future framework ***programmes*** for research to integrate better the concept of sustainable development and societal challenges; 22. Recalls that, as set out in its 12 May 2016 resolution, Parliament should have a clear role in the EU’s implementation of the 2030 Agenda; 23. Welcomes recent initiatives to promote resource efficiency, inter alia through the promotion of waste prevention, reuse and recycling, limiting energy recovery to non-recyclable materials and phasing out landfilling of recyclable or recoverable waste, as put forward in the Circular Economy Action ***Plan*** and the proposal for new, ambitious EU waste targets, which will, inter alia, contribute to SDG 12 and the reduction of marine litter; recognises that achieving the SDGs and meeting the climate change targets in a cost-effective manner will require increases in resource efficiency and will, by 2050, reduce annual global GHG emissions by 19 % and the GHG emissions of the G7 nations by up to 25 % alone; points to the fact that 12 out of the 17 SDGs are dependent on the sustainable use of natural resources; highlights the importance of sustainable consumption and production by increasing efficiency and by reducing pollution, resource demand and waste; stresses the need to decouple growth, resource use and environmental impacts; calls on the Commission to draft a regular report on the state of the Circular economy that details its state and trends and enables existing policies to be modified on the basis of objective, reliable and comparable information; calls on the Commission, furthermore, to ensure that the circular economy delivers a significant drop in the use of virgin materials, a reduction in materials waste, longer lasting products, and the use of manufacturing by-products and excess materials previously considered waste streams; calls on the Commission to come up with an ambitious and comprehensive strategy on plastics while also adhering to the 2020 target for the environmentally sound management of chemicals, taking into account the objective on non-toxic materials cycles as laid down in the 7th EAP; considers that coordinated action at European level against food waste is crucial to SDG 2; underlines the EU target of reducing food waste by 50 % by 2030; 24. Stresses that Decision No 1386/2013/EU indicates that the current systems of production and consumption in the global economy generate a large amount of waste which, combined with a growing demand for goods and services to the point of resource exhaustion, are contributing to the rise in price of essential raw materials, minerals and energy, while generating even more pollution and waste, increasing global greenhouse gas emissions, and accelerating soil degradation and deforestation; consequently, efforts need to be made on the part of the EU and its Member States to ensure the life-cycle assessment (LCA) of products and services so as to evaluate their real impact with regard to sustainability; 25. Recalls that decoupling economic growth from resource consumption is essential for limiting environmental impacts and for improving Europe’s competitiveness and reducing its resource dependency; 26. Stresses that in order for the EU to meet the goals of the 2030 Agenda it is essential that these are comprehensively reflected in the European Semester, including by addressing green jobs, resource efficiency, and sustainable investments and innovation; notes that a resource-efficient economy has great potential for job creation and economic growth, as by 2050 it would add an extra USD 2 trillion to the global economy and generate an extra USD 600 billion in the GDP of G7 countries; 27. Calls on the Commission to emphasise to all stakeholders, including investors, trade unions and citizens, the benefits of transforming unsustainable productions into activities that make it possible to implement the sustainable development goals and the benefits of permanent retraining of the workforce with a view to green, clean, high-quality employment; 28. Stresses the importance of meeting SDG 2 on sustainable ***agriculture*** and the SDGs on preventing pollution and the overuse of water (6.3 & 6.4), on improving soil quality (2.4 & 15.3), and on halting biodiversity loss (15) at EU level; 29. Calls on the Commission and the Member States to address the significant delays in achieving good water status under the Water Framework Directive, and to ensure the attainment of SDG 6; notes the EEA’s assessment that more than half of the river and lake water bodies in Europe have an ecological status that is classified as less than good and that water ecosystems are still experiencing the most significant deterioration and biodiversity decline; calls on the Commission to support innovative approaches to sustainable water management, including by unlocking the full potential of waste water, and applying the principles of circular economy in water management, by implementing measures to promote the safe reuse of waste water in ***agriculture*** and in the industrial and municipal sectors; emphasises that around 70 million Europeans experience water stress during the summer months; recalls, moreover, that approximately 2 % of the total population of the EU does not have full access to drinking water, which disproportionally affects vulnerable, marginalised groups; recalls, furthermore, that there are 10 deaths a day in Europe as a result of unsafe water and poor sanitation and hygiene; 30. Welcomes the Commission’s joint communication for the future of our oceans, which proposes 50 actions for safe, secure, clean and sustainably managed oceans in Europe and around the world in order to meet SDG 14 – an urgent goal given the need for rapid recovery of European seas and global oceans; 31. Stresses the environmental significance and socio-economic benefits of biodiversity and notes that according to the latest ‘Planetary boundaries’ report, current values of biodiversity loss have crossed the planetary boundary, while biosphere integrity is considered a core boundary which when significantly altered brings the earth system into a new state; notes with concern that the targets of the EU 2020 Biodiversity Strategy and of the Convention on Biological Diversity will not be met without substantial additional efforts; recalls that around 60 % of animal species and 77 % of protected habitats are in less than optimal conditions1; calls on the Commission and the Member States to step up their efforts in order to achieve these targets, by, inter alia, fully implementing the Nature Directives and recognising the added value of the ecosystems and biodiversity of the European environment by allocating sufficient resources, including in future budgets for biodiversity conservation, in particular to the Natura 2000 network and the LIFE ***programme***; reiterates the necessity for a common tracking methodology that takes into account all direct and indirect spending on biodiversity and the efficiency of that spending, while stressing that overall EU spending must have no negative impact on biodiversity and should support the achievement of Europe’s biodiversity targets; 32. Stresses that the full implementation, enforcement and adequate financing of the Nature Directives is a vital prerequisite for ensuring the success of the biodiversity strategy as a whole and meeting its headline target; welcomes the Commission’s decision not to 1 EEA Report No 30/2016, Environmental indicator report 2016 — In support to the monitoring of the 7th Environment Action ***Programme***:   [*https://www.eea.europa.eu/publications/environmental-i*](https://www.eea.europa.eu/publications/environmental-i)

ndicator-report-2016. revise the Nature Directives; 33. Urges the Commission and the Member States to quickly complete and bolster the Natura 2000 ecological network, while stepping up efforts to ensure that a sufficient number of special areas of conservation (SACs) are designated as such in accordance with the Habitats Directive and that a designation of that kind is combined with effective measures to protect biodiversity in Europe; 34. Notes that research shows that unsustainable ***agriculture*** is a key driver of loss of soil organic carbon and soil biodiversity; calls on the EU to promote methods that build soil quality, such as rotations including legumes and livestock, thereby enabling the EU to meet SDGs 2.4 and 15.3; 35. Considers that the EU must do much more to achieve SDG 15; urges the Commission, in particular, to prioritise the topic of environmental decontamination by proposing harmonised standards against the use and degradation of soil and by presenting as soon as possible the action ***plan*** against deforestation and forest degradation that has been announced several times and the time schedule for its implementation; 36. Recognises that changes in soil biodiversity and soil organic carbon are mostly driven by land management practices and land use change as well as climate change, which has a severe, negative impact on entire ecosystems and society; calls on the Commission, therefore, to devote particular attention to soil-related issues in the forthcoming 8th EAP; 37. Stresses that EU imports of soybean meal for animal nutrition contribute to deforestation in South America, thereby undermining the SDGs on deforestation, climate change and biodiversity; 38. Calls on the Commission to step up efforts as a global player in protecting the important ecology and environment of the Arctic; strongly urges the Commission not to allow any policies which incentivise the exploitation of the Arctic for fossil fuels; 39. Welcomes the focus on biodiversity, natural resources and ecosystems, and the acknowledged link between these elements and human health and well-being; stresses the need for a ‘One Health’ approach encompassing human, animal and environmental health, and recalls that investment in research and innovation aimed at developing new health technologies is an essential precondition for achieving the SDGs; urges the Commission to undertake an analysis very swiftly in order to respond to the OECD EU Health at a Glance publication, which shows that life expectancy has not risen in many EU Member States; notes that equitable access to high-quality healthcare is the key to sustainable health systems as it has the potential to reduce inequalities; stresses that more efforts are needed in order to address the multi-dimensional barriers to access at individual, provider and health system levels – and to continue to invest in innovation and medical research and the European Centre for Disease Prevention and Control (ECDC) with a view to developing health solutions that are accessible, sustainable and geared towards combating the global scourge of HIV/AIDS, tuberculosis meningitis, Hepatitis C and other neglected infectious diseases, which are often tied to poverty; points out that investing in global medical research and development is crucial for addressing emerging health challenges such as epidemics and resistance to antibiotics; 40. Underlines the fact that the oceans economy, or ‘blue economy’, offers important opportunities for the sustainable use and conservation of marine resources, and that suitable capacity-building support for developing and implementing ***planning*** tools and management systems can enable developing countries to seize these opportunities; underlines the major role that the European Union must play in this regard; 41. Recognises the nexus between the extraction of fisheries resources and conservation and trade; recognises, furthermore, that the opportunity cost of not acting to address harmful fishing subsidies is extremely high, as without action resources will be depleted, food insecurity will result and those sources of employment that were sought to be preserved will be destroyed; 42. Recalls that the EU and its Member States are all signatories to the Paris Agreement, and are therefore committed to its objectives, which require global action; underlines the need to integrate the long-term decarbonisation objective to limit global warming to well below 2 °C, and to pursue efforts to further limit this increase to 1,5 °C; 43. Recalls that the Commission proposal for the 2030 climate and energy framework sets three key targets for 2030: a reduction in GHG emissions of at least 40 %, at least 27 % of EU energy demand to be met with renewables and an improvement in energy efficiency of at least 30 %; recalls the positions taken by Parliament on these targets; underlines the need to keep these targets under review and to prepare a mid-century zero emissions strategy for the EU, providing a cost-efficient pathway, by taking into account the regional and national specificities within the EU, towards reaching the net zero emissions goals of the Paris Agreement; 44. Calls for the EU and the Member States to effectively mainstream climate change mitigation and adaptation in development policies; highlights the need to encourage technology transfers for energy efficiency and clean technologies, and to support investments in small-scale, off-grid and decentralised renewable energy projects; calls for the EU to scale up its assistance to sustainable ***agriculture*** in order to cope with climate change, by means of targeted support for small-scale farmers, crop diversification, agro-forestry and agro-ecological practices; 45. Notes that environmental degradation and climate change pose significant risks to establishing and maintaining peace and justice; recognises the need for a higher profile of the part that climate change and environmental degradation are playing in driving global migration, as well as poverty and hunger; calls for the EU and the Member States to maintain climate change as a ***strategic*** priority in diplomatic dialogues at global level, including in high-level bilateral and bi-regional dialogues with the G7, the G20, at the UN and with partner countries such as China in order to continue a positive and active dialogue that speeds up the global clean energy transition and avoids dangerous climate change; 46. Recognises the work of the US-based Center for Climate and Security in identifying flashpoints between climate change and international security, which refers to climate change as a ‘threat multiplier’ which could demand greater humanitarian or military ***intervention*** and lead to more severe storms that threaten cities and military bases; 47. Underlines the fact that energy poverty, which is often defined as a situation whereby individuals or households are not able to adequately heat or provide other required energy services in their homes at an affordable cost, is a problem across many Member States; stresses that energy poverty is due to rising energy prices, the recessionary impact on national and regional economies and poor energy efficient homes; recalls that according to the EU Statistics on Income and Living Conditions (EU-SILC), it is estimated that 54 million European citizens (10,8 % of the EU’s population) were unable to keep their home adequately warm in 2012, with similar numbers being reported with regard to the late payment of utility bills or presence of poor housing conditions; calls on the Member States to recognise and address this problem, as guaranteeing basic energy services is critical for ensuring that communities do not suffer negative health impacts, do not become further entrenched in poverty and can maintain a good quality of life, as well as for ensuring the financial outlay to assist households that require support does not become too burdensome; stresses that modern energy services are crucial to human well-being and to a country’s economic development; and yet globally 1,2 billion people are without access to electricity and more than 2,7 billion people are without clean cooking facilities; recalls, furthermore, that more than 95 % of these people live either in sub-Saharan African or developing Asia, and around 80 % live in rural areas; stresses that energy is central to nearly every major challenge and opportunity the world faces today; stresses that, be it for jobs, security, climate change, food production or increasing incomes, access to energy for all is essential, and that sustainable energy represents opportunity – it transforms lives, economies and the planet; 48. Recommends a full integration of climate action across the EU budget (climate action mainstreaming), ensuring that measures to reduce greenhouse gas emissions are integrated into all investment decisions in Europe; 49. Calls on the Commission to ***produce*** a report every five years, starting within six months of the 2018 facilitative dialogue under the UNFCCC, on the EU’s climate legislation, including the Effort Sharing Regulation and the ETS Directive, in order to ascertain that this legislation is effective in making the expected contribution to EU GHG reduction efforts and to establish whether the current trajectory for reductions will be enough to meet the SDGs and the goals of the Paris Agreement; further requests that the Commission revise and scale up the 2030 climate and energy framework and the EU’s nationally determined contribution by 2020 at the latest, so that they are sufficiently aligned with the long-term objectives of the Paris Agreement and the SDGs; calls for the Commission to incentivise the potential for GHG absorption by encouraging the development of policies that support afforestation with proper forest management practices, in view of the fact that the EU has, under the 2030 Agenda, committed to promoting the implementation of sustainable forest management, to halting deforestation, restoring degraded forests and increasing afforestation and reforestation globally by 2020; 50. Underlines the fact that efforts to mitigate global warming are not an obstacle to economic growth and employment and that, on the contrary, the decarbonisation of the economy should be seen as a key source for new and sustainable economic growth and employment; acknowledges, nevertheless, that in moving towards any new economic and social model, communities centred around traditional industries are likely to face challenges; underlines the importance of support in this transition and calls on the Commission and Member States to stream funding from sources such as the EU Emissions Trading Scheme (ETS) in order to finance modernisation and a just transition to help such communities and to promote the adoption of the best technology and production practices to ensure the best environmental standards and safe, stable and sustainable work; 51. Notes that continuous biodiversity loss, the negative effects of deforestation and climate change can lead to growing competition for resources such as food and energy, to increased poverty, global political instability, and population displacements and new global migration patterns; insists that the Commission, the European External Action Service (EEAS) and the Member States should consider these in all aspects of external relations and international diplomacy while ensuring a substantial increase in Official Development Assistance (ODA) financing; asks that the Commission, the EEAS and the Member States pursue, in all actions and interactions with third countries, efforts to reduce emissions by promoting renewable energy sources, resource efficiency biodiversity and forest protection, and by promoting climate change mitigation and adaptation; 52. Calls on the Commission to ensure that EU external policies are compatible with the SDGs, and to identify areas where further action or implementation is needed to ensure that EU external policies support effective implementation of the SDGs and do not conflict with SDGs and their implementation in other regions, especially developing countries; calls on the Commission, to this end, to set in motion a reliable process starting with a foresight/early warning method for new initiatives and proposals, including the revision of existing legislation, and to come forward with a proposal for an overarching external Sustainable Development Strategy; emphasises the available tools and forums such as the European Fund for Sustainable Development (EFSD), the UNECE Regional Forum on Sustainable Development (RFSD) the High-Level Political Forum, and the UN central platform; calls for a voluntary review at the High-Level Political Forum in line with the 2030 Agenda, which encourages Member States to ‘conduct regular and inclusive reviews of progress’; emphasises the role of regular and adequate ex-ante impact assessments in this regard; recalls the Treaty obligation to take into account the objectives of development cooperation in all policies which are likely to affect developing countries; 53. Underlines the importance of ODA as a key instrument for achieving the 2030 Agenda, for eradicating poverty in all its forms and fighting inequalities, while reiterating that development aid alone is not sufficient to lift developing countries out of poverty; stresses the need to promote instruments which encourage greater accountability, such as budget support; calls for the EU and its Member States to reconfirm their commitment without delay to the 0,7 % of the gross national income target and to submit detailed timeline proposals for gradually increasing ODA in order to achieve it; recalls the EU’s commitment to allocate at least 20 % of its ODA to human development and social inclusion and asks for a renewed commitment to this end; calls on the Commission to achieve the OECD Development Assistance Committee’s (DAC) recommendation of reaching an annual average grant element of total ODA commitments of 86 %; calls for ODA to be protected from diversion and for the internationally agreed development effectiveness principles to be respected, by retaining the fundamental ODA objective of poverty eradication, with a particular focus on least developed countries (LDCs) and fragile contexts; recalls the need to go beyond the donor/beneficiary relationship in a broader development agenda; 54. Stresses that ensuring tax justice and transparency, fighting tax dodging, eradicating illicit financial flows and tax havens, together with improved public finance management, sustainable economic growth and increasing Domestic Resources Mobilisation, is crucial for financing the 2030 Agenda; calls for the EU to create a funding ***programme*** (DEVETAX2030) to specifically assist the establishment of tax structures in emerging market economies and to help developing countries to create new regional tax authority offices; reiterates its calls for a global financial transaction tax in order to tackle the global challenges of poverty, for an investigation into the spill-over impact on developing countries of all national and EU tax policies, and for the principle of PCD to be upheld when legislating in this field; 55. Calls on the Commission and the Member States to re-adjust their approach to migration with a view to developing a migration policy in line with SDG 10 and a fact-based perception of migrants and asylum-seekers and with countering xenophobia and discrimination against migrants, as well as with a view to investing in key drivers for human development; reiterates its concerns that the new policies and financial instruments to address the root causes of irregular and forced migration may be implemented to the detriment of development objectives, and asks for the European Parliament to be given a stronger scrutinising role in this regard so as to ensure that the new funding tools are compatible with the legal basis, principles and commitments of the EU, especially the 2030 Agenda; recalls that the primary objective of development cooperation is the eradication of poverty and economic and social long-term development; 56. Welcomes the emphasis placed on investing in young people as the main implementers of the SDGs; stresses the need to harness the demographic dividend of developing countries by means of appropriate public policies and investment in youth education and health, including sexual and reproductive health and education; stresses the opportunity to finally advance gender equality and women’s empowerment as an essential element of PCD and urges the EU to mainstream these across all external action areas; recognises that these key enablers for human development and human capital need to be prioritised in order to guarantee sustainable development; 57. Calls for the EU and its Member States to commit the necessary resources and political focus to ensure that the principle of gender equality and women’s and girls’ empowerment is at the core of the implementation of the 2030 Agenda; 58. Presses the Commission and the Member States to ensure that public budgets do not conflict with the SDGs; considers that significant acceleration of green investment, innovation and growth in the EU is needed for the timely and successful implementation of the 2030 Agenda and recognises that new financing tools and different approaches to current investment policy, such as the phasing out of environmentally harmful subsidies and high-emission projects, are necessary; calls for a strategy for the integration of environmental, social and governance (ESG) factors by multinationals and businesses in their corporate business models and by institutional investors in their investment strategies in order to shift funds to sustainable finance and divest from fossil fuels; 59. Calls for the post-2020 MFF to reorient the Union’s budget towards the implementation of the 2030 Agenda for Sustainable Development, ensuring that sufficient funding is allocated to effectively achieving the SDGs; calls for enhanced mainstreaming of sustainable development in all funding mechanisms and budgetary lines, reiterating that long-term policy coherence plays an important role in cost minimisation; highlights the significance of cohesion policy as the main investment policy of the EU, and recalls that a horizontal application of sustainability criteria and performance-based objectives for all EU structural and investment funds, including the European Fund for ***Strategic*** Investments, is needed in order to achieve a comprehensive transition to sustainable and inclusive economic growth; 60. Calls on the European Investment Bank (EIB) to ensure that it lives up to the values of Europe in implementing strong sustainability criteria in its lending, and in particular that lending to the energy and transport sectors is targeted at low-carbon and sustainable projects; 61. Calls on the EIB to commit 40 % of its lending portfolio to low-carbon and climate-resilient growth by 2030; 62. Asks the EIB to allocate more funds to the ELENA initiative to provide grants for technical assistance focused on the implementation of energy efficiency, distributed renewable energy and urban transport projects and ***programmes***; 63. Recognises that resilient and sustainable infrastructure is a key principle of achieving a low-carbon sustainable future and brings a number of co-benefits such as durability and improved protection from fire and flooding; considers that a transition to a sustainable society can be achieved by adhering to the principle of ‘energy efficiency first’ and continuing to improve the efficiency of appliances, power grids and buildings while developing storage systems; recognises that the greatest potential for energy efficiency lies in buildings and asks the EU to commit to a 2050 goal of an entirely sustainable, decarbonised, energy-efficient building stock that has nearly zero energy demand and where any residual demand is supplied from a wide range of renewable sources; calls for an accelerated increase in the share of renewable energy in the EU energy mix; warns against the lock-in of unsustainable infrastructure and calls on the Commission to propose measures for an orderly transition to a sustainable low-carbon economy and a fundamental reorientation of infrastructure development in order to mitigate the systemic economic risks associated with high-carbon financial assets; 64. Calls on the Commission and its Member States to prioritise sustainable mobility by improving local public transport systems in line with the specific characteristics of every country and on the basis of the real needs of its citizens; considers that EU financial support for the development of the transport sector and infrastructures should pursue objectives that bring real added value to the Member States; 65. Underlines that corruption has a serious impact on the environment, and that trafficking in endangered species of wildlife, minerals and precious stones, as well as forest products such as timber, are also inextricably linked to corruption; underlines further that trafficking in wildlife can further threaten endangered species, while illegal logging can lead to a loss of biodiversity and increase carbon emissions, which contribute to climate change; stresses that for organised criminal groups the profits are good and come with little risk, as forest crimes are rarely prosecuted and the sanctions often do not match the gravity of the crime; recalls that the United Nations Convention against Corruption, with its comprehensive focus on corruption prevention, effective law enforcement, international cooperation and asset recovery, can be an effective tool for combating corruption in the environmental sector; calls on the Member States to integrate anti-corruption strategies such as transparency and accountability into environmental legislation and policies and to enhance democracy and good governance; stresses that tackling corruption in the environmental sector will help create equitable access to essential resources such as water and a clean environment and is essential for protecting our environment and ensuring sustainable development; 66. Recognises the importance of culture and cultural participation to delivering on the SDG agenda, as well as the role played by culture in external relations and development policy; calls for proper support for cultural institutions and organisations in delivering on the SDG agenda as well as further deepening links between research, science, innovation and the arts; 67. Recalls that cultural participation improves physical and mental health and well-being, positively impacts school and professional performance, helps people most at risk of social exclusion to enter the labour market, and thus contributes greatly to the achievement of many SDGs; 68. Is deeply concerned at the differences in the performance of education systems in Member States, as shown by the latest PISA reports; stresses that properly resourced public education and training systems, accessible to all, are essential for equality and social inclusion and for meeting the targets set by SDG 4, and that quality education has the ability to empower vulnerable people, minorities, people with special needs and women and girls; regrets the persistent problem of high youth unemployment; notes that education is key to developing self-sustaining societies; calls for the EU to link quality education, technical and vocational training and cooperation with industry as an essential precondition for youth employability and access to qualified jobs; 69. Calls for the EU and its Member States to protect regional, minority and lesser-used languages and linguistic diversity and to ensure that linguistic discrimination is not tolerated when integrating the SDGs into the European policy framework and current and future Commission priorities; 70. Believes that cultural diversity and the protection of natural heritage should be promoted across the European policy framework, including through education; 71. Calls on the Member States to prioritise the environmental and economic reconversion of industrial sites that in many areas of Europe cause high levels of pollution in environmental media and expose locals to serious health risks; 72. Underlines the role that the EU Urban Agenda will play in implementing the global ‘New Urban Agenda’, and welcomes policy developments that empower cities and regions to make synergistic green investments; welcomes also initiatives such as the Green Leaf Award and the Global Covenant of Mayors for Climate and Energy, and further emphasises the indispensable importance that cities and regions have in delivering on the SDGs, as sustainability requires collaborative and long-term approaches from all levels of governance and all sectors; 73. Recalls that the 2030 Agenda recognises that we can no longer look at food, livelihoods and the management of natural resources separately; underlines that a focus on rural development and investment in ***agriculture*** – crops, livestock, forestry, fisheries and aquaculture – are powerful tools for ending poverty and hunger, and bringing about sustainable development; notes that ***agriculture*** has a major role to play in combating climate change; stresses that the great ambition of the SDGs can only be achieved through cooperation – North-South, South-South and triangular – and global partnerships between multiple actors and across a broad range of areas; 74. Welcomes the intention to mainstream trade and investment policy which integrates sustainable development, and calls for the impacts of sourcing commodities and natural resources within and outside the EU to be better addressed in EU policy-making, within and beyond the EU’s borders; calls for a rethink of the investment policy and for the broad use of innovative financing tools for the achievement of the SDGs; calls on the Commission to ensure that sustainable development checks on future trade agreements are transparent; 75. Calls on the Commission to design, with the involvement of relevant stakeholders, and provide, specific, tailored support for marginalised, low-income households and groups such as Roma people to ensure healthy lives and access to basic services and safe, clean natural resources such as air, water, affordable and modern energy and healthy nutrition, which would also contribute to attaining SDGs 1, 10 and 15 on ending poverty, reducing inequality and promoting peaceful and inclusive societies; 76. Acknowledges, as in the 2030 Agenda for Sustainable Development, that persons with disabilities are at very high risk of living in poverty, with inadequate access to basic rights such as education, health and employment; 77. Considers that EU initiatives geared towards creating a sustainable future cannot disregard the wider debate on the role of animals as sentient beings and their well-being, which is often neglected in the prevailing production and consumption systems; stresses that the EU needs to overcome the current political and legislative shortcomings with regard to animal welfare, as demanded by an increasing number of European citizens; 78. Calls on the Commission to scale up efforts and funding for awareness raising, targeted education campaigns and enhancing citizens’ commitments and action for sustainable development; 79. Calls on the Commission and the Member States to end by 2020 incentives for palm-oil- and soy-based biofuels that lead to deforestation and peatland damage; calls furthermore for the introduction of a single certification scheme for palm oil entering the EU market that certifies the socially responsible origin of the product; 80. Strongly urges the Commission to continue stepping up action on effective measures to tackle poor air quality, which is responsible for over 430 000 premature deaths in the EU every year; urges the Commission to ensure that new and existing legislation is enforced to speed up legal actions against Member States failing to comply with air pollution laws, and to propose new, effective legislation, including sector-specific legislation, to tackle poor ambient air quality and the various sources of pollution while also addressing methane emissions; underlines the fact that the EU is still far from achieving the air quality levels set for the EU, which are much less stringent than those recommended by the WHO; 81. Notes that the Commission has addressed the problem of poor air quality by launching a number of infringement procedures, in particular against those continuously exceeding the NO2 limit values laid down in Directive 2008/50/EC; 82. Points out that a reduction in noise pollution is one of the quality parameters that will not be achieved by 2020; stresses that, in the EU, exposure to noise contributes to at least 10 000 premature deaths per year related to coronary heart disease and stroke, and that in 2012 approximately a quarter of the EU population was exposed to noise louder than the limit values; calls on the Member States to prioritise monitoring noise levels and to ensure that the limit values for external and internal environments are respected; calls furthermore for measures to address noise pollution; 83. Stresses that Commission data shows that over 50 % of EU cereals are used to feed animals; notes that the UN Food and ***Agriculture*** Organisation has warned that further use of cereals as animal feed could threaten food security by reducing the grain available for human consumption; 84. Stresses the contribution that the livestock sector makes to the EU economy and to sustainable ***agriculture***, particularly when integrated into arable production systems; draws attention to the potential of active nutrient cycle management in the livestock sector to reduce the environmental impact of CO2, ammonia and nitrate emissions; draws attention, furthermore, to the potential of integrated farming to contribute to a better functioning ***agricultural*** ecosystem and a climate-friendly farming sector; 85. Notes that women working in farming in developing countries could increase farm yields by 20-30 % if they had the same access to resources as men; stresses that this level of yield could reduce the number of people who go hungry around the world by 12-17 %; 86. Stresses, in particular, the fundamental role of women as members of family farms, which constitute the main socioeconomic cell of rural areas, in caring for food production, preservation of traditional knowledge and skills, cultural identity and protection of the environment, bearing in mind that women in rural areas are also affected by wage and pension gaps; 87. Recalls that, under the 7th Environment Action ***Programme***, the Commission is required to assess the environmental impact, in a global context, of Union consumption; stresses the positive impact that sustainable lifestyles can have on human health and reducing greenhouse gas emissions; reminds the Commission that SDG 12.8 requires that the public have information and awareness regarding sustainable development and lifestyles; accordingly, urges the Commission and the Member States to develop ***programmes*** to increase public awareness of the implications of different types of consumption for human health, the environment, food security and climate change; calls on the Commission to publish the communication on a sustainable European food system without delay; 88. Notes that SDG 12.8 requires governments to ensure that people everywhere have the relevant information and awareness as regards sustainable development and lifestyle in harmony with nature; urges the Commission and the Member States, accordingly, to develop ***programmes*** to increase public awareness of the implications of consumption levels for human health, the environment, food security and climate change; 89. Calls on the Commission and the Member States to develop a comprehensive EU Policy Framework addressing global health challenges such as HIV/AIDS, Tuberculosis, Hepatitis C and antimicrobial resistance, bearing in mind the different situations and specific challenges of EU Member States and their neighbouring countries where the burden of HIV and MDR-TB is highest; calls on the Commission and the Council to play a strong political role in the dialogue with high-disease burden countries, including neighbouring countries in Africa, Eastern Europe and Central Asia, ensuring that ***plans*** for sustainable transition to domestic funding are in place, so that HIV and TB ***programmes*** will be effective, continued and scaled up after the withdrawal of international donors’ support and to continue to work closely with those countries in ensuring they take the responsibility and ownership of HIV and TB responses; 90. Recognises the effectiveness in making available ‘PREP’ medication for preventing HIV/AIDS; further calls on the Commission and the European Centre for Disease Prevention and Control (ECDC) to recognise that for HIV/AIDS treatment is also preventative; 91. Recognises that sexual reproductive health and rights (SRHR) are a key driver with transformative potential for multi-dimensional poverty eradication, and should be always recognised as a pre-condition for both healthy lives and gender equality; stresses, in this context, that greater attention must be paid to SRHR, which are unfortunately still treated as a niche issue, despite being of utmost importance for gender equality, youth empowerment and human development, and ultimately poverty eradication; underlines that this represents little progress from previous EU approaches, and that the recognition of SRHR as key drivers for sustainable development is still missing; notes that the EU position has been incoherent on this front, as shown in this package: the Commission recognises EU action in this domain only under ‘health’ in its communication on the 2030 Agenda, but only under ‘gender equality’ in the communication on the Consensus; calls on the Commission and the Member States therefore to continue to request that the United States rethink its stance on the so-called ‘global gag rule’; 92. Stresses the need to continue promoting health research to develop new and improved accessible, affordable and suitable medical solutions to HIV/AIDS, TB and other poverty-related and neglected diseases, emerging epidemics and antimicrobial resistance; 93. Points out that the EU farming sector is already making a contribution to sustainability; notes, however, that the common ***agricultural*** policy (CAP) must be enabled to better respond to current and future challenges; calls on the Commission to examine how the CAP and sustainable farming systems can best contribute to the SDGs in order to guarantee stable, safe and nutritious food as well as protecting and enhancing natural resources while tackling climate change; asks the Commission, in the framework of the upcoming communication on the post-2020 CAP, to come forward with proposals to further improve the efficiency of greening measures and to ensure the attainment of SDGs 2, 3, 6, 12, 13, 14 & 15; calls on the Commission also to promote locally and ecologically ***produced*** food with a low carbon, land and water footprint; highlights the importance of agro-ecosystems and sustainable forest management and of providing incentives for the sustainable restoration of disused ***agricultural*** areas; underlines the need to ensure that all EU policies effectively achieve the set objectives through strict compliance and through greater coherence across policy areas; stresses that this is of particular relevance with regard to the sustainable management of natural resources and the instruments dedicated to this under the CAP; 94. Calls on the Commission and the Member States to promote this agro-ecological transition, while minimising the use of pesticides that are detrimental to health and the environment and developing measures to protect and support organic and biodynamic ***agriculture*** within the scope of the CAP; 95. Calls on the Commission and the Member States to reform the EU rules on the approval of pesticides as soon as possible, and to establish binding objectives to reduce their use; 96. Points out that the EU farming sector provides jobs for millions of people in rural areas in ***agriculture*** and in other sectors, guaranteeing food supplies and food security and attracting people to rural areas as a place in which to live, work and relax; points out, furthermore, that landscapes with a high biodiversity and high nature value attract people to the countryside, bringing added value to rural areas; notes the great value of rural development policy in building viable, robust and vibrant rural communities and economies; points out that better access for farmers to resources is essential in order to achieve this; 97. Calls for farming to be developed by focusing on family holdings, with the aid of a better use of European funds such as the European Fund for ***Strategic*** Invesments (EFSI), and by paying special attention to small- and medium-sized holdings, by sharing and transferring expertise and by exploiting the advantages of local and regional value and production chains and regional employment, with greater emphasis on peri-urban links and direct sales, which have been a successful model in many parts of the EU; takes the view that the ability of farmers to generate fair remuneration from their labour is a prerequisite for the sustainability of European ***agriculture*** and a guarantee of farmers’ welfare; 98. Recalls that it is important to guarantee proper public services, notably care for children and the elderly, given that such services are particularly important for women, since they have traditionally played a major role in looking after young and elderly family members; 99. Points out the important role of traditional knowledge and foodstuffs, especially in outermost regions, mountain areas and disadvantaged areas of the EU, as well as the economic contribution that European quality schemes such as Protected Geographical Indication (PGI) bring to local areas; recalls Parliament’s unanimous support for extending such protection to a wider range of regionally ***produced*** goods; stresses, in this connection moreover, the role of EU quality schemes (PDO/PGI/TSG) in offering and maintaining livelihoods in those areas; recognises that these schemes are more widely known only in some Member States and calls for awareness to be raised across the Union on their advantages; 100. Stresses the contribution of the Mediterranean forest and the dehesa agroforestry system – which seamlessly combines sustained, extensive livestock farming with farming and forestry activities – to the objectives of conserving and ensuring the sustainability of biodiversity, for the purposes of recognition and support under the CAP; 101. Stresses the importance of bioenergy to farms and the bioeconomy, and of installations, for the generation, storage, distribution and on-farm use of renewable energy, as they help to secure farmers’ incomes by offering them an additional product to sell, and both create and preserve high-quality jobs in rural areas; stresses that the development of bioenergy must be pursued sustainably and must not hamper the production of food and feed; stresses that energy needs should instead be met by encouraging the use of waste and by-products that are not useful in any other process; 102. Notes that growing leguminous crops in arable rotation can deliver a win-win situation for farmers, animals, biodiversity and climate needs; calls on the Commission to come forward with a protein ***plan*** that includes leguminous crops in rotation; 103. Regards further progress in precision farming, digitalisation, the rational use of energy, plant and animal breeding and the mainstreaming of integrated pest management as necessary, because increased efficiency based on SDGs and biodiversity will help to reduce both the land requirement and the environmental impact of farming; considers that getting biodiversity to work for farmers could help to improve income, soil health and performance, and help with pest control and improving pollination; highlights, therefore, the importance of an improved regulatory framework so as to ensure timely, efficient and effective decision-making procedures; highlights that these ‘smart’ solutions should incentivise and support initiatives tailored to the needs of smallholdings without economies of scale to benefit from new technologies; 104. Considers it essential to maintain and develop the performance of traditional and local breeds, given their ability to adapt to the characteristics of their native environment, and for the right of farmers to breed plants autonomously and to store and exchange seeds of different species and varieties to be respected, in order to ensure the genetic diversity of ***agriculture***; rejects attempts of any kind to patent life, plants and animals, genetic material, or essential biological processes, especially where native strains, varieties and characteristics are concerned; 105. Calls on the Commission to come forward with an action ***plan*** and to set up an expert group in order to work towards a more sustainable integrated plant protection management system; highlights the need for a pest management system that improves the interaction between plant breeding efforts, natural combat systems and pesticide use; 106. Believes it necessary to promote broadband availability and improve transport services in rural areas, so as to contribute not only to the achievement of environmental sustainability objectives but also to the promotion of growth in rural areas that is fully sustainable in environmental, economic and social terms; 107. Stresses that it is necessary to make culture an integral part of the Commission’s action for sustainability, clearly highlighting the role it plays in economic development, job creation, promoting democracy, social justice and solidarity, fostering cohesion, fighting social exclusion, poverty and generational and demographic disparities; calls on the Commission to mainstream culture in the objectives, definitions, tools and evaluation criteria of its strategy for the SDGs; 108. Instructs its President to forward this resolution to the Council and the Commission.

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**End of Document**



[***Speech by Prime Minister Juha Sipilä in Parliament during the topical discussion on the EU's multiannual financial framework***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SBT-M231-F0YC-N06H-00000-00&context=1516831)

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**Body**

Helsinki: Government of Finland has issued the following speeches:

Madam Speaker, I wish you all a good Europe Day. For Finland, the membership of the European Union is a political choice that joins us to the community of shared Western values. Europe Day is an excellent time to examine the shared values of the European Union, and what the membership of the Union means to us.

The European Union is a community with member states with whom we share the common values of democracy, equality, human rights, freedom of speech, the rule of law and the respect of the rights of minorities. Our common goal is to strengthen the well-being of the citizens of Europe. This entity is the guarantee of stable development and the preservation of peace in Europe.

On Europe Day it is good to remember that peace can never be taken for granted. The European community was established in the middle of societies ravaged by war. Still in the 1980s, a functioning democracy was still a fragile hope – even a utopian idea – to many people who have become EU citizens since then. In many states, our European democracies are still young and, therefore, also fragile.

The European decision-making capability is not settled by voice vote, Gallup polls or Twitter democracy, but by our capability to take decisions and develop the European decision-making system. It is founded on representation, and we need to have enough fortitude to defend it. We also must have enough strength to explain what the Union is doing and why it is an important community for EU citizens.

The task of the European Union leaders is to look far into the future and to seek popular support for the implementation of reforms both in the European Union and Member States. The European Union must be big on big issues and small on small issues.

One of the most important instruments of the European Union is the EU budget, the financial framework laying the guidelines for the Union's operations and its goals. At its worst, the budget is a poor compromise, the lowest common denominator. At its best, it implements common European goals. Now is the time for the Union to be big.

It is natural that every EU Member State examines the financial framework from its own national perspective. That is, what does the budget bring to us, to Finland? But the EU budget must also be studied from the perspective of the whole of Europe. Why? Because I am certain that a strong and successful Europe is in the best interest of us all.

Madam Speaker,

The Multiannual Financial Framework (MFF) negotiations are long and thorough. The proposal published by the Commission last week marks just the beginning of the process. As the Government of Finland, this is what we have been preparing ourselves for. We have done the background work carefully and outlined clear budget policies sector by sector. First and foremost, it is a question of an entity by which we can achieve the best possible outcome for Finland, and also for Europe.

We have been carefully working on our policies for a long time. The process has been thorough in the same way as it was when we established our EMU stand and migration policy. We collaborated with France to build foundations for EU cooperation on security and defence. The method is the same also in the MFF negotiations: we examine the issue, consider our stands carefully and, after that, seek allies from other European countries.

The departure of the United Kingdom from the European Union leaves a major gap in the EU budget. Our starting point is that the gap left by the UK will not be filled and that our net contribution should remain reasonable. However, we have not placed ourselves among the net contributors that advocate the most stringent percentages. Finland is ready to make investments through the EU if the policy priorities are balanced and acceptable, and if the decisions and EU activities provide added value and increase effectiveness.

When negotiating about the contributions to the budget, it is good to keep the pure national contribution, on one hand, and the net contribution, on the other hand, separated from one another. Our national contribution is very likely to rise, because our GDP is luckily growing at the moment. It will not be until all the negotiations on the criteria for the regulation and financial allocation are completed that we know what our net contribution will be in the future.

Our main goal from the national starting point is clear: we want to maximise the funds returned by the EU to Finland, while keeping our net contribution at a reasonable level. Through the budget, we also strive for Europe to reach a leadership status in many arenas: as a peace builder, a trailblazer in climate policy, a promoter and user of science and innovations, and as a ***producer*** of sustainable and clean food.

In the Commission's proposal last week, the total level of the budget remains too high in relation to our standpoints. The positive aspects of the Commission's proposal are the investments in safety, defence, migration, research and development, and a student exchange ***programme***. The administration will be downsized, ***programmes*** reduced, and rebates granted to certain countries will be gradually eliminated. These are matters that also Finland has been advocating strongly.

The conditional aspect in EU funding tied to the rule of law principle is also a very important proposal. Defending the European value base by concrete measures is the duty of every European citizen. A successful European Union can only be built upon strong rule of law principles.

European well-being and competitiveness are built by investing in competence, innovations and research. The Commission's proposal addresses these issues. One interesting example of this is the InvestEU fund proposed by the Commission. This new kind of financing instrument could enable effective support for investments with lesser EU funding, when, instead of granting assistance, the support would be allocated in the form of loans and guarantees.

Investments in ***strategic*** projects, such as artificial intelligence, cybersecurity and digital knowledge and competence, support the growth and competitiveness of the EU.

From the Finnish perspective, ***agricultural*** and regional policies have traditionally played a central role in the budget negotiations, when we regard our own receivables from the EU budget. This remains unchanged.

As concerns ***agriculture***, the positive thing in the Commission's proposal was the preservation of the current two-pillar structure. On this foundation we can build measures by which we can directly support farmers’ income and, on the other hand, take account of our special circumstances and environmentally friendly activities. The Commission also wants to increase national authority in the ***planning*** of measures and decision-making on them. The level of financing proposed by the Commission as a whole shows that food production is an important part of the common EU policy.

However, the level of financing also entails some prioritisations that are quite difficult for Finland. The Commission proposes cuts to the ***agricultural*** budget. We find these very hard to accept. We need close collaboration and negotiations with the Commission, the Member States and the Parliament. We will work hard so that we will be able to reach the best possible outcome in regard to Finnish sustainable and clean food production and the Finnish countryside.

The Commission also proposes cutting the regional policy expenditure by approximately five percent. This is partly explained by the fact that the absolute need for money has reduced as the poorest regions are becoming wealthier. The Commission also proposes a reform in the distribution mechanism of funding, meaning a transfer from the traditional GDP-based distribution to other grounds of distribution on a wider scale. Finland has been advocating this change.

In addition to these, it is important to us that the sparse population criterion of the north be observed also during the coming financing period. Furthermore, Finland considers it important that, in the future, cohesion funding would be increasingly used for supporting competitiveness and competence.

As I pointed out at the beginning of my speech, the work for outlining the future EU financing framework has just begun. The Finnish Government has rolled up its sleeves and is ready to negotiate a budget that is fair to Finland. My own opinion is that the financing framework will be completed during the Finnish EU presidency at the earliest.

Madam Speaker,

In spite of our ideological differences of opinion, I believe that we all share the aim of taking care of the balanced development of European societies and of social equality. We act this way to avoid confrontations both within the Member States and between them. We act this way to ensure that Europe would be as unified and strong as possible to respond to the challenge posed by the rest of the world.

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[***-Monsanto Chief Technology Officer Highlights Strong Demand for Latest Innovations at Farm Progress Show***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PC6-NMM1-JD3Y-Y3YY-00000-00&context=1516831)

ENP Newswire

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**Body**

ST. LOUIS & DECATUR, Ill. - In remarks scheduled today for Chief Technology Officer Robb Fraley at Farm Progress Show in Decatur, Ill., Monsanto Company (NYSE: MON) will announce that, in light of current demand, the company and its licensing partners expect to have a supply of Roundup Ready 2 Xtend soybeans for up to half of all U.S. soybean acres for the 2018 season, doubling what is planted this season.

Fraley will emphasize several business milestones today as he addresses grower groups and media attending the annual Farm Progress Show.

Roundup Ready 2 Xtend Soybeans

'We are hearing that the overwhelming majority of farmers using Monsanto's low-volatility dicamba product, XtendiMax herbicide with VaporGrip technology, this year are experiencing tremendous success. In states where we sold our dicamba product this season, we have heard some reports of leaf cupping, which can have many possible causes,' Fraley says. 'In the vast majority of situations, we have identified issues that are addressable through training and following the label instructions, and we continue to hear from many farmers that our training and education efforts helped them use the technology successfully this season.'

To date, Monsanto has directly worked with nearly 50,000 farmers and applicators at XtendiMax herbicide with VaporGrip technology learning events across the country and will continue to evolve and tailor trainings to continue to help growers use this new technology successfully. Fraley will acknowledge the ongoing discussions about in-crop use of new dicamba formulations.

'We understand that EPA is working with the states and is evaluating potential actions to facilitate enhanced training and compliance for 2018. We are communicating with the EPA, which is interested in achieving national uniformity with dicamba regulation to avoid a state patchwork,' he says. 'I've seen first-hand that the Roundup Ready 2 Xtend soybean crop is developing well and I look forward to partnering with growers through harvest.'

Fraley will underscore the milestones hit in the initial launch year of the Roundup Ready Xtend Crop System, including EPA approval for in-crop use of XtendiMax herbicide with VaporGrip technology and for numerous tank mix partners, including glyphosate, and the availability of more than 120 Roundup Ready 2 Xtend soybean varieties across all relative maturity zones, more than ten times the products compared to the Roundup Ready 2 Yield soybeans launch.

Monsanto now expects that, together with its partners, it will have supply for up to roughly half of the U.S. soybean market next year, following a season where more than 20 million acres were planted, on the way to a market opportunity of 200-250 million acres globally.

'Based on the great demand we've seen, we know farmers are looking forward to the benefits of the Roundup Ready Xtend Crop System,' he says. 'Growers have been asking for this technology for years, and we're excited to be able to provide it again in 2018.'

The Roundup Ready Xtend Crop System is designed to provide farmers with more consistent, flexible control of weeds, especially tough-to-manage and glyphosate resistant weeds, and to help maximize crop yield potential. The system includes Roundup Ready 2 Xtend soybeans, the industry's first biotech product with tolerance to dicamba and glyphosate herbicides, and Bollgard II XtendFlex, providing tolerance to three herbicides, dicamba, glyphosate and glufosinate.

The Climate Corporation

Fraley will also express confidence in the advancement of digital ***agriculture*** tools, as The Climate Corporation publicly announces seven product advancements in an industry-leading research pipeline of more than 35 projects, including key advancements in fertility and seed scripting, as well as corn disease diagnosis. Key enhancements, to be announced in detail later today, will enable more farmers to experience the value of the Climate FieldViewTM platform.

'The Climate team has several robust research initiatives underway, and we continue investing heavily in accelerating the speed of innovation to bring farmers more advanced insights more quickly,' Fraley notes. 'Our R&D innovation spans our entire organization, including science, technology, engineering and analytics. By expanding our science-backed, data-driven analytics capabilities and applying them to our growing streams of field data, we continue to discover never-before-seen insights that advance FieldView for farmers.'

NemaStrike TM Technology

Fraley also predicts that future advances in ***agriculture*** may come from the control of the invisible, as evidenced by the company's breakthrough product in nematode control, NemaStrikeTM Technology. Monsanto now offers NemaStrikeTM Technology by Acceleron Seed Applied Solutions as a game-changing solution to control the invasive nematode problem causing greater than 10 percent yield loss in corn, soybeans and cotton. As a broad-spectrum nematicide, NemaStrike Technology is designed to strike in the root zone where nematodes attack while providing consistent yield protection. This technology stands apart as a means to protect yield.

'The launch of NemaStrike Technology is exciting because the technology provides broad-spectrum control of plant parasitic nematodes in corn, soybeans, and cotton,' Fraley says. 'Today, many growers underestimate the severe impact nematodes have on yield and overall crop health. NemaStrike Technology addresses this important unmet need.'

About Monsanto Company

Monsanto is committed to bringing a broad range of solutions to help nourish our growing world. We ***produce*** seeds for fruits, vegetables and key crops - such as corn, soybeans, and cotton - that help farmers have better harvests while using water and other important resources more efficiently. We work to find sustainable solutions for soil health, help farmers use data to improve farming practices and conserve natural resources, and provide crop protection products to minimize damage from pests and disease. Through ***programs*** and partnerships, we collaborate with farmers, researchers, nonprofit organizations, universities and others to help tackle some of the world's biggest challenges.

Cautionary Statements Regarding Forward Looking Information

Certain statements contained in this release are 'forward-looking statements,' such as statements concerning the company's anticipated financial results, current and future product performance, regulatory approvals, business and financial ***plans*** and other non-historical facts, as well as the pending transaction with Bayer Aktiengesellschaft ('Bayer'). These statements are based on current expectations and currently available information. However, since these statements are based on factors that involve risks and uncertainties, the company's actual performance and results may differ materially from those described or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: risks related to the pending transaction between the company and Bayer, including the risk that the regulatory approvals required for the transaction may not be obtained on the anticipated terms or time frame or at all, the risk that the other conditions to the completion of the transaction may not be satisfied, the risk that disruptions or uncertainties related to the pending transaction could adversely affect the company's business, financial performance and/or relationships with third parties, and the risk that certain contractual restrictions during the pendency of the transaction could adversely affect the company's ability to pursue business opportunities or ***strategic*** transactions; continued competition in seeds, traits and ***agricultural*** chemicals; the company's exposure to various contingencies, including those related to intellectual property protection, regulatory compliance and the speed with which approvals are received, and public understanding and acceptance of our biotechnology and other ***agricultural*** products; the success of the company's research and development activities; the outcomes of major lawsuits, including potential litigation related to the pending transaction with Bayer; developments related to foreign currencies and economies; fluctuations in commodity prices; compliance with regulations affecting our manufacturing; the accuracy of the company's estimates related to distribution inventory levels; the recent increases in levels of indebtedness, continued availability of capital and financing and rating agency actions; the company's ability to fund its short-term financing needs and to obtain payment for the products that it sells; the effect of weather conditions, natural disasters, accidents, and security breaches, including cybersecurity incidents, on the ***agriculture*** business or the company's facilities and other risks and factors detailed in the company's most recent periodic report to the SEC. Undue reliance should not be placed on these forward-looking statements, which are current only as of the date of this release. The company disclaims any current intention or obligation to update any forward-looking statements or any of the factors that may affect actual results.

Contact:

Christi Dixon

Tel: 314-694-1092

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

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[***Pakistan - Q1 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RF5-VFD1-F0J5-807F-00000-00&context=1516831)

Pakistan Power Report

January 1, 2018 Monday

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**Highlight:** Pakistan's power sector is operated by the Water and Power Development Authority (WAPDA) and Karachi Electric Supply Company (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.

**Body**

Pakistan's power sector is operated by the **Water and Power Development Authority** (WAPDA) and **Karachi Electric Supply Company** (KESC), with additional generation contributed by independent power ***producers*** (IPPs). WAPDA is responsible for supplying power to all of Pakistan, with the exception of Karachi, which is supplied by KESC. KESC controls a power transmission network in southern Karachi. The National Electric Power Regulatory Authority (NEPRA) regulates the power sector in Pakistan, which includes power generation, transmission and distribution. NEPRA is also responsible for determining electricity tariffs in Pakistan.In 1992, a ***strategic*** ***plan*** for restructuring the Pakistani power sector was approved by the government. As a part of the process, WAPDA was restructured into 14 public limited companies under corporate law. Progress includes the creation of **Pakistan Electric Power Company** (PEPCO) as a private limited management company owned by the government to steer, manage and oversee the reform ***programme***.

The 14 sub-companies comprise four thermal generators, one national transmission company and nine regional distribution entities.In a bid to accelerate structural reforms in the power sector, the government has decided to establish an entity to consolidate policymaking for all power generation companies for an interim period. The board of directors for the holding company, known as the Central Power Purchase Authority (CPPA), comprises representatives from the government, private generation companies, distribution companies, and end-users. The CPPA replaces Pakistan's main utility PEPCO in the areas of metered billing to, and collection from, the private sector. The CPPA would not have the authority to interfere in the operational independence and financial autonomy of private generation companies. Water And Power Development Authority (WAPDA)

The power arm of WAPDA covers generation, transmission and distribution and has been restructured into 14 public limited companies. These include four generators: **Southern Power Generation Company Limited** (GENCO-1) based in the Jamshoro district in Dadu, near Hyderabad, Sindh; **Central Power Generation Company Limited** (GENCO-2) based in the Guddu district in Jacobabad, Sindh; **Northern Power Generation Company Limited** (GENCO-3) based in the TPS Muzaffargarh district in Muzaffargarh, Punjab; and **Lakhra Power Generation Company Limited** (GENCO-4) based at the WAPDA headquarters in Lahore.GENCO-1 has installed capacity of 850 megawatts (MW) of thermal generation (oil- or dual oil/gas-fired) at Jamshoro and GTPS Kotri has 174MW of dual oil/gas-fired capacity. GENCO-2 has 1.4 gigawatts (GW) of installed generating capacity fired by gas, fuel oil or diesel. GENCO-3 has 1.3GW of gas/oil-fired plants, plus the dual-fuelled Multan 130MW site and the 190MW Faisalabad complex. GENCO-4 has 120MW of coal-fired capacity at Lakhra.The central transmission entity that operates the national grid is **National Transmission And Power Dispatch Company** (NTDC). There are nine distribution companies: **Lahore Electric Supply Company** (Lesco); **Gujranwala Electric Power Company** (Gepco); **Faisalabad Electric Supply Company** (Fesco); **Islamabad Electric Supply Company** (Iesco); **Multan Electric Power Company** (Mepco); **Peshawar Electric Power Company** (Pesco); **Hyderabad Electric Supply Company** (Hesco); **Quetta Electric Supply Company** (Qesco); and **Tribal Electric Supply Company** (Tesco).The transmission system controlled by WAPDA connects the country's power stations and load centres as a national grid network, with hydropower supply in the north and thermal generators in the middle and south of the country linked to more than 10mn customers nationwide. The NTDC carries out design, maintenance and operation of a network of secondary transmission lines and grid stations throughout the country. This system consists of 50,461km of transmission lines - including 500 kilovolts (kV), 132kV and 66kV - and 615 substations, as of 2009. The NTDC also operates and maintains 12 grid stations ***producing*** 500kV and 26 grid stations ***producing*** 220kV. Karachi Electric Supply Corporation (KESC)

Incorporated in 1913, KESC is the only fully integrated power utility operator - with exclusive franchise rights for Karachi and its adjoining areas. Unlike WAPDA, post-privatisation KESC is still an integrated electrical utility company engaged in generation, transmission, distribution and retail supply of electricity to industrial, commercial, ***agricultural*** and residential consumers within its franchised area (6,000 sq km). The company is currently listed on all three of Pakistan's stock exchanges but **Abraaj Capital**, a private equity firm based in Dubai, is the major stakeholder and has full management control.Electricity and gas shortages in Karachi continue to be widespread, as the company remains unable to collect dues from its non-paying customers. This has resulted in a large deficit in its cash flow and inability to secure gas supplies to sell to consumers. The company mortgaged 12 of its grid stations in order to get a loan from a consortium of private firms and banks for five years in 2013.The National Energy Policy 2013-2018, however, includes ***plans*** for the privatisation of public power firms, as well as revamping WAPDA and the other relevant authorities. Despite this, no further details have been released.

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[***Council of the European Union:COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The Future of Food and Farming ST 14977 2017 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R89-XVM1-JDG9-Y2M0-00000-00&context=1516831)

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14977/17 GDLC/JU/ah DGB 1B EN Council of the European Union Brussels, 30 November 2017 (OR. en) 14977/17 AGRI 654 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 30 November 2017 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: COM(2017) 713 final Subject: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The Future of Food and Farming Delegations will find attached document COM(2017) 713 final. Encl.: COM(2017) 713 final EN EN EUROPEAN COMMISSION Brussels, 29.11.2017 COM(2017) 713 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The Future of Food and Farming 1 The Future of Food and Farming 2 Contents 1. A NEW CONTEXT .................................................................................................... 3 2. TOWARDS A NEW DELIVERY MODEL AND A SIMPLER CAP ....................... 9 3. A SMARTER, MODERN AND SUSTAINABLE CAP .......................................... 11 3.1 Using research and innovation to better link what we know to what we grow ................................................................................................................. 12 3.2 Fostering a smart and resilient ***agricultural*** sector ........................................... 14 3.2.1 A fair income support to help farmers to make a living .................... 14 3.2.2 Investing to improve farmers' market reward .................................... 16 3.2.3 Risk Management .............................................................................. 17 3.3 Bolstering environmental care and climate action and contributing to the achievement of EU environmental and climate objectives ....................... 18 3.4 Strengthening the socio-economic fabric of rural areas .................................. 20 3.4.1 Growth and jobs in rural areas ........................................................... 20 3.4.2 Attracting new farmers ...................................................................... 22 3.5 Addressing citizens' concerns regarding sustainable ***agricultural*** production, including health, nutrition, food waste and animal welfare ......... 23 4. THE GLOBAL DIMENSION OF THE CAP ........................................................... 25 4.1 Trade ................................................................................................................ 25 4.2 Migration ......................................................................................................... 26 3 1. A NEW CONTEXT The EU's farm sector and rural areas are major players in terms of the Union's well-being and its future. EU ***agriculture*** is one of the world's leading ***producers*** of food, and guarantees food security for over 500 million European citizens.

The EU's farmers are also the first stewards of the natural environment, as they care for the natural resources of soil, water, air and biodiversity on 48% of the EU's land (foresters a further 36%) and provide essential carbon sinks and the supply of renewable resources for industry and energy. They also depend directly on these natural resources. Large numbers of jobs depend on farming, either within the sector itself (which provides regular work for 22 million persons) or within the wider food sector (farming, food processing and related retail and services together provide around 44 million jobs). The EU's rural areas as a whole are home to 55% of its citizens1 while serving as major bases for employment, recreation and tourism. Figure 1 1 Covering predominantly rural and intermediate areas (OECD definition). 4 None of these benefits can however be taken for granted. Unlike most other economic sectors, farming is strongly affected by the weather; it is also frequently tested by volatile prices, natural disasters, pests and diseases – with the result that, every year, at least 20% of farmers lose more than 30% of their income compared with the average of the last three years. At the same time pressure on natural resources is still clearly present partly as a result of some farming activities. Climate change threatens to make all of the above-mentioned problems weigh more heavily. The Common ***Agricultural*** Policy (CAP) should therefore lead a transition towards a more sustainable ***agriculture***. The CAP enabled the development of the most integrated single market. It is thanks to the CAP that the EU farm sector is able to respond to citizens' demands regarding food security, safety, quality and sustainability. However, at the same time the sector faces the challenges of low profitability - due inter alia to the EU's high production standards, the high costs of production factors and the fragmented structure of the primary sector. The sector now competes at world market prices in most sectors, leads the field in terms of food product diversity and quality and achieves the globe's highest agri-food exports (worth EUR 131 billion in 20162) Solid performance but further work to be done Direct payments currently shore up the resilience of 7 million farms, covering 90% of farmed land. While they make up around 46% of the income of the EU farming community, the proportion is much higher in many regions and sectors. They thereby provide relative income stability to farmers facing significant price and production volatility - which helps to keep the EU's vital high-quality food production base spread around the Union3. Their impact is supplemented by market instruments. Areas with Natural Constraints are also the object of specific support. Rural development policy makes a substantial contribution to the farm economy and vital rural livelihoods in various ways. It supports investments; knowledge-building; supply chain organisation; environmental protection and climate action. Rural development ***programmes*** in 2014-2020 build on this and widens provision for innovation and risk management. The creation of the European Innovation Partnership for ***Agricultural*** Productivity and Sustainability (EIP-AGRI) gave an impetus to knowledge creation and sharing. However, important efforts still need to be done to facilitate the access of farmers to knowledge4. 2 See [*https://ec.europa.eu/****agriculture****/trade-analysis/statistics\_en*](https://ec.europa.eu/agriculture/trade-analysis/statistics_en) 3 Ecorys et al. (2016) Mapping and analysis of the implementation of the CAP, p 76-94 4 See Evaluation study of the implementation of the European Innovation Partnership (EIP), November 2016:   [*https://ec.europa.eu/****agriculture****/external-studies/2016-eip\_en*](https://ec.europa.eu/agriculture/external-studies/2016-eip_en) 5 There are lessons to be learned from the public consultation carried out in the first half of 2017 on 'modernising and simplifying the CAP'5 which confirmed a widespread consensus that the current CAP tools successfully addresses current challenges to some extent only. This covers also environmental and climate challenges, where a majority of farmers and other stakeholders consider that the CAP should do more. At the same time, the excess of bureaucracy has been highlighted as a key obstacle preventing the current policy from successfully delivering on its objectives. Figure 2 Land-based measures are pivotal to achieving the environmental and climate-related goals of the EU, and farmers are the primary economic agents in delivering these important societal goals. In this context, we need to look at direct payments in order to ensure that a large portion of the EU's actively farmed area is managed with practices beneficial for the environment. The current area-based Rural Development payments build on this foundation. Partly thanks to the CAP, organic farming expanded significantly, to cover 6% of UAA in 2015 compared to 2% in 2000. 5 See   [*https://ec.europa.eu/****agriculture****/consultations/cap-modernising/2017\_en*](https://ec.europa.eu/agriculture/consultations/cap-modernising/2017_en) 6 The implementation of “greening6” is qualified as sometimes less ambitious than intended, and is identified in the public consultation as the most burdensome and complex element of the CAP which limits its effectiveness. Climate change has in the meantime become an even more urgent priority, with important costs to be faced by the farming community in the future.7 This view has also been highlighted by the REFIT Platform, which has put the focus on the excessive administrative burden of the current greening measures, the control and audit system and the growing overlaps between pillar I and II8. As indicated by the REFIT Platform, there is a need to reduce the regulatory burden of the CAP and improve its value for money while ensuring the achievement of the objectives and increase its integration with other policy areas. A first report on the implementation of the current common monitoring and evaluation framework of the CAP, including first results on the performance, will be presented to the European Parliament and the Council in 2018. The Impact Assessment that will underpin the Commission proposal for the post-2020 Common ***Agricultural*** Policy will take into account all available evidence on the performance of the policy so far (including results of evaluations and input from the REFIT Platform) and will use this information when analysing specific solutions for the future. 6 European Commission staff working document: Review of greening after one year   [*https://ec.europa.eu/****agriculture****/sites/****agriculture****/files/direct-support/pdf/2016-staff-working-document-greening\_en.pdf;*](https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/pdf/2016-staff-working-document-greening_en.pdf;) also Report from the Commission to the European Parliament and the Council on the implementation of the ecological focus area obligation under the green direct payment scheme (COM/2017/0152 final) of 29.3.2017 7 See Ecampa2 study (2016) with the most updated assessment of greenhouse gas mitigation policy options for EU ***agriculture***:   [*http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101396/jrc101396\_ecampa2\_final\_report.pdf*](http://publications.jrc.ec.europa.eu/repository/bitstream/JRC101396/jrc101396_ecampa2_final_report.pdf) 8 REFIT Platform Opinions on 'Cross Compliance', 'Greening', 'Overlaps between pillar I and II', 'Control and Audit', 'Rural Development support' and 'EU legislation on the Farm subsidies reform'. Available at:   [*https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform/refit-platform-recommendations\_en*](https://ec.europa.eu/info/law/law-making-process/overview-law-making-process/evaluating-and-improving-existing-laws/reducing-burdens-and-simplifying-law/refit-platform/refit-platform-recommendations_en) 7 A future- proof CAP While addressing the CAP Treaty objectives, the CAP has kept evolving, increasing the EU added value. It has also substantially increased its emphasis on the environment, climate and the wider rural context in which farming operates. This enabled the sector to increase its productivity by nearly 9% since 2005 while cutting greenhouse gas (GHG) emissions by 24% since 1990 and reducing fertiliser use with a positive impact on water quality. However, in the absence of stronger and more ambitious policy support it is unlikely that EU ***agricultural*** emissions will continue to decrease at the same pace. The CAP must continue stepping up its response to these challenges and it also shall play an essential role in realising the Juncker priorities in full coherence with other policies, especially: • boosting quality employment, growth and investment; • harnessing the potential of the Energy Union, the circular economy and the bio-economy while bolstering environmental care and fighting and adapting to climate change; • bringing research and innovation out of the labs and onto the fields and markets; • fully connecting farmers and the countryside to the digital economy; and • contributing to the European Commission's agenda on migration. At the same time, the EU is strongly committed to action on the COP21 Paris Agreement and the United Nations Sustainable Development Goals (SDGs). Notably, the CAP underpins the policies spelled out in the 2030 Climate and Energy framework, which calls upon the farming sector to contribute to the economy-wide emission reduction target of -40% by 2030 and EU Adaptation strategy. European farming also needs to step up its contribution towards the EU environmental objectives. These commitments cannot be met without farmers, foresters and other rural actors who manage over half of the EU's land, are key users and custodians of the related natural resources and provide large carbon sinks as well as renewable resources for industry and energy. This is why a modernised CAP should enhance its EU added value by reflecting a higher level of environmental and climate ambition, and address citizens' concerns regarding sustainable ***agricultural*** production. The Cork 2.0 Declaration of 2016, A Better Life in Rural Areas, gave voice to ambitious aspirations for the future success of the EU's ***agriculture*** and countryside and the contributions they could make to society as a whole. It presents an agenda for reforming the CAP to improve its delivery and bring it up to date to the current day challenges In particular there is a need to invest in skills, public services, infrastructure and capacity building in order to generate vibrant rural communities. 8 Figure 3 The public consultation underlined the importance of the three dimensions of sustainability (economic, environmental and social) and linked them to a broader need to modernise and simplify the policy. The Commission's White Paper on the Future of Europe of 1 March 2017 set in motion a wide-ranging debate on tomorrow's EU, calling on the Union and its Member States to interact better with citizens, be more accountable to them and deliver faster and better on what has been collectively agreed, such as the European Pillar of Social Rights. The Commission's Reflection paper on the Future of EU Finances of 28 June 2017 stimulates further this debate, setting out options and scenarios for the future direction of the EU budget, including among other options a degree of co-financing of the CAP and its implications. As recalled in the Reflection Paper, the EU budget should continue dealing with current trends that will shape the EU in the coming years. There are also a number of new challenges in which the EU budget will need to do more than today. In this context, all existing instruments including the CAP will need to be looked at. Hence, this Communication does neither pre-empt the outcome of this debate nor the proposals for the next multiannual financial framework (MFF). The Reflection Paper on the future of EU finances called for a shift towards new, sustainable growth that combine economic, social and environmental considerations in a holistic and integrated way and stronger focus on the provision of public goods. 9 This is the backdrop against which the CAP must take the next steps in its evolution – modernising and simplifying, and working hand in hand with other EU policies – to meet a wide range of pressing challenges and bring out the very best from the Union's farm sector and rural areas, with a greater focus on high standards and actual results, and to support farmers in anticipating and dealing with future relevant challenges and developments. 2. TOWARDS A NEW DELIVERY MODEL AND A SIMPLER CAP The CAP needs to evolve in various ways and sharpen its responses to the challenges and opportunities as they manifest themselves at EU, national, regional, local and farm levels. This also includes for the CAP to streamline its governance and improve its delivery on the EU objectives, and to significantly decrease bureaucracy and administrative burden. The current CAP delivery system relies on detailed requirements at EU level, and features tight controls, penalties and audit arrangements. These rules are often very prescriptive, down to farm level. In the Union's highly diversified farming and climatic environment, however, neither top-down nor one-size-fits-all approaches are suitable to delivering the desired results and EU added value. In the delivery model of the future CAP, the Union should set the basic policy parameters (objectives of the CAP, broad types of ***intervention***, basic requirements), while Member States should bear greater responsibility and be more accountable as to how they meet the objectives and achieve agreed targets. The CAP objectives would fulfil the EU Treaty obligations but also the already agreed objectives and targets on for instance the environment, climate change (COP 21), and a number of the SDGs. When preparing CAP ***strategic*** ***plans***, the Member States will take into account their ***planning*** tools adopted emanating from EU environmental and climate legislation and policies.9 At the same time, Member States would be accountable for providing credible performance monitoring and reporting, underpinning the assurance of the budget. Greater subsidiarity would make it possible to better take into account local conditions and needs, against such objectives and targets. Member States would be in charge of tailoring CAP ***interventions*** to maximise their contribution to EU objectives. While maintaining current governance structures – that must continue to ensure an effective monitoring and enforcement of the attainment of all policy objectives - the Member States would also have a greater say in designing the compliance and control framework applicable to beneficiaries (including controls and penalties). 9 Such as the Management ***Plans*** and Prioritised Action Frameworks for Natura 2000, River Basin Management ***Plan***, Air Quality and Air Pollution ***Programmes***, Biodiversity Strategies. 10 To enhance EU added value and to preserve a functioning ***agricultural*** internal market Member States would take their decisions not in isolation, but in the framework of a structured process that would materialise in establishing a CAP ***strategic*** ***plan***, which would cover ***interventions*** in both pillar I and pillar II, thus ensuring policy coherence across the future CAP and with other policies. The delivery model will thus continue to ensure a level playing field, preserving the common nature and the two pillars of the policy. The Commission would assess and approve such ***plans*** with a view to maximising the contribution of the CAP towards the EU priorities and objectives and the achievement of Member States' climate and energy targets. This is important to ensure the maintenance of a common approach to the delivery of environment and climate objectives across Member States. Increased ambition is the only viable policy option in this regard. The ***planning*** process should be shaped in a much simpler way, remaining clearly below the levels of complexity exemplified by the current rural development ***programming***. This means in particular that prescriptive compliance elements such as measures' details and eligibility rules at the level of EU legislation should be eliminated. Such simplification would also favour integrated and innovative approaches and render the policy framework more adaptive and innovation friendly. This means the CAP and the Member States ***plans*** should focus above all on the objectives and expected results while leaving sufficient room for Member States and regions to address their specificities. In line with the logic of the Commission's 'budget focused on results' approach, a future delivery system should thus be more result-driven, boost subsidiarity by giving Member States a much greater role in rolling out CAP schemes, pursue agreed realistic and adequate targets, and help reducing the EU-related administrative burden for beneficiaries. In such a context simplified cost options and modern technologies offer huge opportunities to reduce this burden, in particular as regards controls. Both farmers and citizens should be enabled to benefit from such advances with a less prescriptive framework. In this way, as proclaimed by the Cork 2.0 Declaration, the architecture of the CAP as a whole would provide for targeting ***interventions*** to well-defined economic, social and environmental objectives while reflecting the needs and aspirations of the territories concerned. Another crucial function of the Commission would of course consist in supervising the delivery on results and the respect of basic EU rules and international commitments in the framework of a well-designed audit and assurance system. To this end the assurance process would need to be adapted to the requirements of a result-driven policy design including the development and application of solid and measurable indicators and of a credible performance monitoring and reporting. 11 3. A SMARTER, MODERN AND SUSTAINABLE CAP European citizens should continue to have access to safe, high quality, affordable, nutritious and diverse food. The way this food is ***produced*** and marketed should adapt to citizens' expectation, in particular concerning the impact on their health, the environment and the climate. To ensure this in a context of growing world population, increased environmental pressure and climate change, the CAP has to continue evolving, maintaining its market orientation and its support to the EU family farm model across all the regions of the Union. Similarly, the CAP needs to support and be compatible with efforts that address the root causes of migration towards the EU. Figure 4 Fulfilling these goals will be made possible by building on what the CAP has already achieved through its policy objectives, in a new economic, climate, environmental, social, technological, industrial and political context. The section below sets out the main objectives of the future CAP: • to foster a smart and resilient ***agricultural*** sector; • to bolster environmental care and climate action and to contribute to the environmental and climate objectives of the EU; • to strengthening the socio-economic fabric of rural areas. To fulfil these objectives the ***agricultural*** sector and the EU rural areas will need to be better linked to human capital development and research and support for innovation will need to be stepped up. 12 The future CAP will also need to continue to address societal expectations regarding sustainable food production, in particular concerning food safety, food quality, environmental and animal welfare standards. 3.1 Using research and innovation to better link what we know to what we grow Innovations in various fields (agronomy such as nature based solutions, breeding, vertical farming, zootechnics, biological, technological, digital, organisational and product related) are within reach and can serve the multi-functionality of EU ***agricultural*** and food systems. Research and innovation are part of the foundation of progress concerning all the challenges which confront the EU's farm sector and rural areas: economic, environmental and social. The needs and contributions of rural areas should be clearly reflected on the research agenda of the European Union and the future CAP will need to enhance even more synergies with the Research and Innovation Policy in fostering innovation. Technological development and digitisation make possible big leaps in resource efficiency enhancing an environment and climate smart ***agriculture***, which reduces the environment-/climate impact of farming, increase resilience and soil health and decrease costs for farmers. However, the uptake of new technologies in farming remains below expectations and unevenly spread throughout the EU, and there is a particular need to address small and medium-sized farms' access to technology. Not only technology but also access to sound, relevant and new knowledge is very patchy around the Union. This impedes the performance of certain CAP instruments as well as the farm sector's overall competitiveness and development potential. By contrast, the CAP's capacity to increase the flow of knowledge between partners from different parts of the EU offers strong added value as it will save costs, increase the impact of EU funding and speed up innovation in the different parts of the EU. 13 Figure 5 Support for knowledge, innovation and technology will be crucial to future-proofing the CAP. Schemes that aim at enhancing economic, social or environmental performance as well as climate change adaptation and mitigation will be linked to the advisory services providing knowledge, advice, skills and innovation. The European Innovation Partnership for ***Agricultural*** Productivity and Sustainability (EIP-AGRI) and the European Innovation Partnership on Water have proven their value in mobilising the ***agricultural*** sector for innovation. It has funded multi-participant pilot projects and is networking across Europe to make new knowledge generally available. Its success depends on the combined performance of advisors, ***agricultural*** training and educational systems, researchers and farmer organisations often referred to as the ***Agricultural*** Knowledge and Innovation System (AKIS) – which operates very differently from one Member States to another. The role of the farm advisor stands out as particularly important. A modern CAP should support the strengthening of farm advisory services within the AKIS systems. This should become a condition for the approval of CAP ***Strategic*** ***Plans***. This should be facilitated by strengthening the support for peer-to-peer exchange, networking and cooperation amongst farmers including through ***Producer*** Organisations ('POs'), as these can be important vehicles of knowledge sharing, innovation as well as cost savings for the farmers on a very regular basis. 14 3.2 Fostering a smart and resilient ***agricultural*** sector 3.2.1 A fair income support to help farmers to make a living As emphasised in the Reflection paper on the future of EU finances, direct payments partially fill the gap between ***agricultural*** income and income in other economic sectors. They provide an important income safety net, ensuring there is ***agricultural*** activity in all parts of the Union including in areas with natural constraints (which also receive income payments under Rural Development Policy) with the various economic, environmental and social associated benefits, including the delivery of public goods. Therefore, direct payments remain an essential part of the CAP in line with its EU Treaty obligations. Figure 6 15 Although the role of direct payments in stabilising farm income is generally welcomed, the fact that 20% of farmers receive 80% of the payments sometimes prompts accusations of 'unfairness'. These numbers are a reflection of a system where payments are linked to land which is concentrated among a minority of farmers. Half of CAP beneficiaries are very small farms and most of the payments go to medium-size professional family farms, however a more balanced distribution of support should be promoted. Direct payments will fulfil their mission more effectively and efficiently if they are simplified and better targeted. Any change would however have to preserve one of the key assets of the policy: the protection of the well-functioning internal market the CAP has created over the years. Figure 7 To target direct payments more effectively to ensure income to all farmers across the EU, as evoked in the above-mentioned Reflection paper, without being exhaustive the following possibilities in order to ensure a fair and better targeted support of farmers' income should be further explored: – A compulsory capping of direct payments taking into account labour to avoid negative effects on jobs; – Degressive payments could be introduced as well, as a way of reducing the support for larger farms; – Enhanced focus on a redistributive payment in order to be able to provide support in a targeted manner e.g to small-medium sized farms; 16 – Ensure support is targeted to genuine farmers, focussing on those who are actively farming in order to earn their living. At the same time, the CAP needs to play its role in following the principles of 'Equality between its Members, big or small, East or West, North or South', which were recalled by President Juncker in his State of the Union address of 2017. In this sense, it should reduce differences between Member States in CAP support. Even if the wide diversity of relative costs of labour and land as well as the different agronomic potentials across the EU should be acknowledged, all EU farmers face similar challenges. 3.2.2 Investing to improve farmers' market reward The CAP should play a larger role in helping farmers make more money from the market. There is a clear need to boost investments into farm restructuring, modernisation, innovation, diversification and uptake of new technologies and digital-based opportunities such as precision ***agriculture***, the use of big data, and clean energy in order to improve individual farm sustainability, competitiveness and resilience, including against the negative impacts of climate change. The position of farmers in the food chain is an important factor, and will also be addressed by the scheduled proposal to improve the EU food supply chain10. Additional reflections are needed on the role and effective functioning for ***agricultural*** ***producer*** organisations. Recognised ***producer*** organisations can be a useful tool to enable farmers to strengthen their bargaining position in the value chain and to cooperate to reduce costs and to improve their competitiveness to improve market reward. As ***producer*** organisations are particularly relevant for small farmers, it is important that they are organised so they offer opportunities for them. Emerging sustainable rural value chains in areas such as bio-based industries, bio-energy and circular economy, as well as ecotourism offer opportunities for farmers and rural businesses to diversify their businesses, hedge risks and provide additional income: the policy should increasingly focus on supporting such efforts. The performance of investment support under the CAP should also be improved through better integration of business advice and promotion of collective investments and mechanisms to get effective synergies with research and innovation. The current investment gap in ***agriculture*** needs to be addressed, also through more use of innovative financial instruments that take into account the specificities of farming as well as more integrated projects that link various EU instruments (EFSI, ESIF). Further work with the European Investment Bank (EIB) may point the way. 10 Commission Work ***Programme*** 2018 – An agenda for a more united, stronger and more democratic Europe, COM(2017)650 final of 24.10.2017 17 3.2.3 Risk Management In the context of a greater market orientation of the CAP, more market exposure led to higher risks of price volatility and an increasing pressure on incomes. Risks also stem from climate change, the associated increased frequency and severity of extreme events and more frequent sanitary and phytosanitary crises affecting the EU livestock and agronomic assets. While farmers, as entrepreneurs, are ultimately responsible for designing their own on-farm strategies, it is important to set up a robust framework for the farming sector to successfully prevent or deal with risks and crises, with the objective of enhancing its resilience and, at the same time, providing the right incentives to crowd-in private initiatives. Figure 8 The CAP already offers a layered set of tools helping farmers to prevent and manage risks, from direct payments and market ***intervention*** to post-crises compensations and the present second pillar measures in particular an Income Stabilisation Tool (IST) and insurance support. For example sector specific stabilisation tools with a 20% trigger level for income loss can be effective. It is important to consider whether to further adjust its design to improve its functioning. Furthermore, it should be explored how existing possibilities as regards risk management can be better exploited, for instance by the use of indexes to calculate farm income losses, reducing red tape and costs. 18 The understanding and consideration by the farming community of risk management instruments in general and ***agricultural*** insurance in particular can be improved. There is an opportunity to increase knowledge of the benefits of those systems through rural development training, knowledge transfer initiatives and the inclusion in the farm advisory service. In the short run, a permanent EU-level platform on risk management will be set up, providing a forum for

farmers, public authorities and stakeholders to exchange experiences and best practices, with the objectives of improving implementation of the current tools and informing future policy developments. At the same time, it is worthwhile exploring how to further develop an integrated and coherent approach to risk prevention, management and resilience, which combines, in a complementary way, EU-level ***interventions*** with Member States' strategies and private sector instruments which address income stability as well as climate risks. A flexible approach, in this context, is a necessary condition to allow tailored solutions for the different types of regional and sectoral needs of farmers and to support their market orientation. New avenues should however be explored. Financial instruments stimulating the inflow of private capital can help to overcome temporary cash flow shortages. Other complementary measures to the current risk management toolkit, such as support for re-insurance of mutual funds or incentives for precautionary savings, may also be envisaged. Beyond the CAP toolbox, certain actions at Member State level could help provided that they are compatible with state aid rules. This concerns for instance provisions in taxation policy that currently discourage farmers to make from savings in good years to cope with bad years. 3.3 Bolstering environmental care and climate action and contributing to the achievement of EU environmental and climate objectives Climate change and constraints on natural resources will continue affecting farming and driving food security challenges. The EU 2030 Climate and Energy targets set ambitious goals.As all sectors, ***agriculture*** should make a fair contribution to these targets, as outlined in the Commission proposals on Effort Sharing and Land-Use, Land Use Change and Forestry (LULUCF). At the same time, ***agriculture*** is one of the sectors most vulnerable to climate change. Water scarcity, changing precipitation patterns, overall temperature increases and variation, increased intensity and frequency of climate-related extremes, presence and persistence of (new) pests and diseases, and fire risks are already challenging current ***agricultural*** and forestry practices and production. However, farmers and foresters are not only users of natural resources, but also, indispensable managers of ecosystems, habitats and landscapes. Any new CAP should reflect higher ambition and focus more on results as regards resource efficiency, environmental care and climate action. 19 The future CAP should make the best use of research results, ensure that knowledge is shared and implemented and support proliferation of modern technologies to maximise the contribution of ***agriculture*** to the EU and global objectives. Climate-smart farming supported by training, advice and innovation is one part of the answer; but this requires an ***agricultural*** policy with strong commitment to deliver public goods and ecosystems services related to soil, water, biodiversity, air quality, climate action and the provision of landscape amenities. It is also important that the contribution of the CAP to these objectives is ***strategic*** and measurable. The current green architecture of the CAP, that primarily relies on the complementary implementation of three distinct policy instruments – cross compliance, green direct payments and voluntary agri-environmental and climate measures will be replaced and all operations integrated into a more targeted, more ambitious yet flexible approach. The new delivery model will allow Member States to devise a mixture of mandatory and voluntary measures in Pillar I and Pillar II to meet the environmental and climate objectives defined at EU level. Member States will need to define quantified targets which will ensure that the agreed environmental and climate objectives defined at EU level are achieved. Member States will have the flexibility to formulate ***strategic*** ***plans*** allowing for addressing climate and environmental needs at local level. It should be explored how an obligatory EU-wide requirement to have a nutrient management ***plan*** and incentives for precision ***agriculture***, forming part of any Member State CAP ***strategic*** ***plan***, could improve results. The Commission will explore inter alia how to cater for measures that yield high EU environmental added value, such as conservation of permanent pastures, maintenance and creation landscape features, ***agriculture*** in areas with natural constraints, organic farming, as well as individual or collective schemes aimed at soil health, biodiversity and /river basin stewardship. The granting of income support to farmers will be conditioned to their undertaking of environmental and climate practices, which will become the baseline for more ambitious voluntary practices. The new conditionality will rely on the implementation of a streamlined set of environmental and climate conditions, providing environmental and climate public goods. These practices would be further defined by Member States in order to better take account of their specific situation, climate risks and needs, while ensuring that these practices adequately contribute to the objectives agreed at EU level. Member States would have to ensure that the agreed targets are met and monitor performance in a robust and credible way. Additional environmental / climate benefits will be achieved through voluntary entry level schemes and more ambitious agro-environment-climate schemes that will allow Member States/Regions to target their specific concerns. Such approach will lead to simplification - one layer of requirements for direct payments, a single set of management and control rules and a reduction of administrative burden to the Member State and the farmer. Greater subsidiarity will remove 'the one size fit all' approach and ensure a clear environmental link for actions taken. However, to ensure coherence with the overarching EU objectives, all actions and targets put forward by the Member State will be approved by the Commission within an EU framework agreed as part of the CAP ***strategic*** ***plan***. 20 The overall performance of the new green architecture should encourage the promotion of co-operative/collective approaches, involving Farmers and Stakeholders in a result-oriented delivery of environmental and climate public goods and developing schemes that integrate the provision of knowledge and environmental investments. 3.4 Strengthening the socio-economic fabric of rural areas 3.4.1 Growth and jobs in rural areas Many rural areas in the EU suffer from structural problems, such as a lack of attractive employment opportunities, skill shortages, underinvestment in connectivity and basic services and a significant youth drain. In a Union of equals the potential and aspirations of rural citizens and communities must be better addressed in EU policies. The CAP, and in particular Rural Development Policy, has an important role to play to promote rural jobs and growth as well as to preserve the environmental quality of rural areas. Joint EU and national investment in infrastructure, natural and human capital development is paramount to support sustainable, quality employment in rural areas. The rural communities should have better access to public services, health care, vocational training, ***programmes*** to develop new skills notably in the digital sector, quality education, and connectivity. The CAP is one of several EU policies that contribute to prosperous rural areas and it must improve its complementarity with other EU policies such as Cohesion Policy - which also provides substantial EU funding in rural areas - and the Connecting Europe Facility as well as national funds and strategies. Improved coordination between these policies would result in simpler delivery mechanisms and less red tape for administrations and citizens. New rural value chains such as clean energy, the emerging bio-economy, the circular economy, and ecotourism can offer good growth and job potential for rural areas. By-products from agri-food and forestry could find new value as inputs for bio-energy and bio-based industries, while manure can turn into biogas and fertiliser thus supporting both the energy transition and the wider nutrient recycling. This also contributes to the substitution of more polluting and non-renewable resources and materials, and to a reduction of food losses and waste. Sustainable ***agriculture*** and forestry are both ***strategic*** sectors to develop this potential. Growth of the bio-economy in a sustainable business model should therefore become a priority for the CAP ***strategic*** ***plans***, and support the EU circular economy strategy and the development of new business models which will benefit farmers and foresters whilst creating new jobs. This would also boost the CAP's potential to contribute to the Energy Union and the EU Industrial Policy by promoting clean and efficient energy production, including sustainable biomass mobilization in respect of the core principles of the EU circular economy strategy. The EFSI and other financial instruments should leverage additional support from Rural Development ***programmes*** in order to provide low cost and longer term loans for entrepreneurs that are willing to invest in rural areas. 21 Figure 9 One priority for this future joint work across policy areas is development of 'Smart Villages' throughout the Union. This emerging concept, currently developing through a number of initiatives and pilots, will help local communities address issues of inadequate broadband connectivity, employment opportunities and service provision in a clear and comprehensive manner. The Commission is committed to reinforcing support for rural communities and local authorities that wish to develop Smart Villages through capacity building, investments, innovation support, networking as well as through the provision of innovative financing tools for improving skills, services and infrastructure. Continued joint EU and national investment in human capital development in rural areas is needed to support sustainable and quality employment and to help people living in these areas fulfil their potential, and their community's potential by helping them acquire new skills, and have improved access to quality key services, including access to quality education. The bottom-up, locally led approach LEADER has proven to be an effective means to local capacity building and to promoting social inclusion, poverty reduction and job creation in the local economy. There is a need for better synergy and coordination with municipal authorities and local agencies to fully mobilise rural potential. 22 Through its rural development policy, the CAP is the 'rural champion' of the Union. However, while all macro and sectorial policies have a potential impact on rural communities and many EU funds the capacity to promote rural prosperity, this capacity for rural regeneration is not always maximised. The Commission is therefore committed to promoting a 'rural proofing' mechanism, which systematically reviews relevant policies through a 'rural lens', considering possible impacts on rural communities. 3.4.2 Attracting new farmers A prosperous ***agricultural*** sector can develop only if a real change of generation takes place: our aging ***agricultural*** community needs new blood to make the sector more dynamic and open to on-going technological transformations. However, young farmers and other new entrants face considerable obstacles to starting up farming activity, among them economic ones such as high land prices but also societal ones such as the perception of farming as an unattractive or old fashioned occupation, sometimes with inappropriate social protection. Figure 10 23 Generational renewal should become a priority in a new policy framework, but it must be recognised that Member States are in the best position to stimulate generational renewal using their powers on land regulations, taxation, inheritance law or territorial planning11. Taking this into account, there is a need to improve the consistency between EU and national actions. The CAP should give flexibility to Member States to develop tailor made schemes that reflect the specific needs of their young farmers. The new delivery system will facilitate Member States' actions to assist young farmers. The CAP ***strategic*** ***plans*** could include support for skills development, knowledge, innovation, business development and investment support. ***Producer*** Organisations can play a valuable role here. To increase learning opportunities abroad for young people living in rural areas, Erasmus exchange possibilities for young farmers should be bolstered. Setting up in ***agriculture*** implies high risk with large capital requirements and uncertain income. The CAP should help mitigate this risk in the first years after launching a farming business by providing an EU-wide system of support to the first installation with necessary support in a simpler and better targeted way: this could be achieved with a simplified top-up payment for new entrants (tailored by Member States according to the specific needs) and/or the reinforcement or extension of current lump-sum payments. Access to financial instruments to support farm investments and working capital should be facilitated and better adapted to the investment needs and higher risk profiles of new entrants. Support to the new generation of farmers could be combined with the appropriate incentives to facilitate the exit of the older generation and increase land mobility. Furthermore, there is a growing need to support actions that stimulate the transfer of knowledge among generations (through partnerships and other new business models) and facilitate succession ***planning*** (i.e advisory services, mentoring and the preparation of “farm succession ***plans***”). 3.5 Addressing citizens' concerns regarding sustainable ***agricultural*** production, including health, nutrition, food waste and animal welfare The CAP is one of the EU policies responding to societal expectations regarding food, in particular concerning food safety, food quality, environmental and animal welfare standards. Farmers are the real gatekeepers of food production systems; as such the contribution they can give to a sustainable food chain is crucial. 11 In this context, the European Commission has recently published guidance on how to protect ***agricultural*** land (Interpretative Communication on the Acquisition of Farmland and EU law, 2017/C 350/05 of 18.10.2017). 24 Citizens are also increasingly valuing access to a wide variety of food that carries broader benefits for society, such as organic ***produce***, products with geographical indications (GIs), local specialities and innovative food. In synergy with other EU policies, the CAP must continue to respond to these concerns, for instance by modernising organic rules, continuing to make GIs more attractive to farmers and consumers and easier to manage, or supporting the objectives of the Sustainable Use of Pesticides directive12. The CAP should become more apt at addressing critical health issues such as those related to antimicrobial resistance (AMR) caused by inappropriate use of antibiotics. In line with an ambitious and encompassing approach with regard to human and animal health - as embodied by the 'One Health' concept13 – it should also promote the use of new technologies, research and innovation to reduce risks to public health. Identically the CAP can help farmers to improve the application of EU rules on animal welfare and to further increase standards through voluntary initiatives aimed at promoting the market value of animal welfare both within and outside the EU. The CAP should continue to support production with specific and valuable characteristics through Rural Development as well as to promote and improve its international recognition. The CAP also has a role to play in promoting healthier nutrition, helping to reduce the problem of obesity and malnutrition, making nutritious valuable products such as fruits and vegetables easily available for EU citizens. A good example is the Schools schemes, under which free fruit, vegetable and dairy products are subsidised in schools and by using these schemes to promote class room activities related to healthy eating. Campaigns to promote healthy dietary practices and increasing the consumption of fruit and vegetables should be a focal point in the CAP promotion activities. Consumers' food choices depend on a number of factors going far beyond the remits of the CAP. The most important role for the policy is therefore to help farmers anticipate developments in dietary habits and adjust their production according to market signals and consumers' demands. Strengthening the knowledge triangle in ***agriculture*** and forging better links to relevant initiatives such as the European Institute for Innovation and Technology's Food Partnership and the EU Food 2030 research strategy will also help maximise the contribution of the CAP to future-proofing our food system. . Finally, the CAP can help to reduce food waste and food losses by stimulating better production and processing practices (e.g promoting new technologies that extend the shelf life of perishable products or better matching supply and demand through increased transparency) and by supporting initiatives that transform traditional ***produce***-use-discard consumption patterns into a circular bio-economy. 12 Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides. 13 See also [*https://ec.europa.eu/health/amr/sites/amr/files/amr\_action\_****plan****\_2017\_en.pdf*](https://ec.europa.eu/health/amr/sites/amr/files/amr_action_plan_2017_en.pdf) 25 4. THE GLOBAL DIMENSION OF THE CAP The CAP is a policy for the EU but it obviously has global implications and linkages. Close attention must be paid to these when decisions are taken about the policy's future. The linkages between the CAP and Sustainable Development Goals are presented in figure 3. The EU is committed to support partner countries achieving the same goals through external policies and instruments. Therefore it will seek coherent action among its policies in line with the 2030 Agenda, and with its commitment to enhance policy coherence for sustainable development14. The latter requires taking into account the objectives of development cooperation in policies which are likely to affect developing countries. To this regard, the CAP is and will continue to be coherent with the EU development policy15, which recognises the important role sustainable ***agriculture*** plays for poverty eradication and sustainable development in developing countries and promotes also the development of ***agricultural*** markets and inclusive value chains which benefit the poor and encourage the agro-industry to generate jobs. 4.1 Trade Thanks to the efforts of the EU's ***agricultural*** and food processing sector, with support of EU trade agreements and the CAP (including its promotion policy) the EU is the world largest agri-food exporter. Further liberalisation of trade and increased participation in global value chains will allow the EU agri-food sector to develop exports even further, responding to growing middle-class demand worldwide, as well as dietary changes. For citizens, further growth in international trade will improve the accessibility, variety and affordability of food. Maintaining the market-orientation of the EU agri-food sector and the compatibility of CAP measures with international trade law will also allow the EU to retain its leading role in international bodies such as the World Trade Organisation (WTO), promoting open trade and advocating strict disciplines on trade-distorting forms of support. At the same time, it cannot be ignored that specific ***agricultural*** sectors cannot withstand full trade liberalisation and unfettered competition with imports. We therefore need to continue to duly recognise and reflect the sensitivity of the products in question in trade negotiations and explore ways how to address the geographical imbalances of advantages and disadvantages that affect the farm sector within the Union as a result of EU trade agreements. 14 Cf. art. 208 TFEU 15 The new European Consensus on Development signed on 07/06/2017, and available on   [*https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626\_en.pdf*](https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf) 26 Currently, the EU faces export restrictions from many important agri-food markets of third countries due to unjustified sanitary and phytosanitary (SPS) barriers. The EU will continue seeking a fair and balanced relationship with our trading partners and, where appropriate, promoting the EU SPS 'Single Entity' concept. The high standards of the EU will in no case be compromised. Furthermore, the EU, through its different cooperation and technical assistance tools, should foster increased cooperation with EU partner countries and regions, in particular when facing new and emerging animal health and phytosanitary threats. 4.2 Migration The future CAP must play a larger role in implementing the outcome of the Valetta Summit16, addressing the root causes of migration. Knowledge and know-how gained from CAP-supported projects should be used to develop employment opportunities and revenue-generating activities in regions of origin and transit of migrants, including through the EU External Investment ***Plan*** Pilot projects for training young farmers - with the involvement of European farmers' organisations. Furthermore, EU-Africa Union exchange schemes are avenues to explore. Cooperation on ***agricultural*** research and innovation must be deepened through the relevant EU policies and instruments. The Commission is also committed to enhancing ***strategic*** policy cooperation and dialogue with the Africa Union on issues related to ***agriculture*** and rural development so as to help the region develop its agri-food economy. Within the EU, ***agriculture*** offers oportunities for seasonal workers. Moreover, through its rural development arm, the CAP can play a role in helping to settle and integrate legal migrants, refugees in particular, into rural communities. Experience shows that Community-Led Local Development/LEADER is particularly apt for this. 16 See   [*http://www.consilium.europa.eu/en/meetings/international-summit/2015/11/11-12/#*](http://www.consilium.europa.eu/en/meetings/international-summit/2015/11/11-12/#)

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[***Cannabis R&D Firms See Wild Growth Curve; USA News Group News Commentary***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PG3-J231-DXP3-R3SB-00000-00&context=1516831)

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**Body**

USA News Group- Canada's cannabis boom is in full swing in anticipation of removal of road blocks that will make way for massive production of weed in a post prohibition economy. Companies making moves in the industry include: CanniMed Therapeutics Inc. (TSX: CMED) (CMMDF), Supreme Pharmaceuticals Inc. (TSX-V: FIRE) (OTC: SPRWF), Lexaria Bioscience Corp. (CSE: LXX) (OTC: LXRP) and Abattis Bioceuticals Corp. (CSE: ATT) (OTC: ATTBF).

The country's health administration is scrambling to deal with the onslaught and the rush is having unexpected side effects. Namely, Health Canada is increasing licenses forAccess to Cannabis for Medical Purposes Regulations (ACMPR)licences. This shift is positioning several Canadian R&D and testing companies at the forefront of the greatest growth industry in the country.

Markets are keen on the trend and it's reflecting in these company's share values.

Atop the list isAbattis Bioceuticals Corp.(CSE:ATT) (OTCQB:ATTBF), which is set to make some major inroads with its licensed testing and timely extraction capabilities - one of very few public companies with this profile.

Also noteworthy isCanniMed Therapeutics Inc.(TSX:CMED) (CMMDF) that reached a high of $13.35 in early 2017 and has currently pulled back to the $9.00 range. The company has made real progress in cannabis plant-based extraction technology.

CMED is just one of the Cannabis industry related stocks feeling the direct impact of the massive research, development and testing demands.

Other candidates who stand to benefit from this hockey stick type growth curve areSupremePharmaceuticalsInc.(TSXV:FIRE) (OTC:SPRWF), andLexaria Bioscience Corp.(CSE:LXX) (OTCQB:LXRP) who have both seen major price rises since their IPOs.

Growing too Fast?

The legal cannabis industry is growing at what can only being described as phenomenal rate.

The overall optimism led researchers at New Frontier Data to project that the cannabis industry will have created a whopping 283,422 jobs, grow to and generate $2.3 Billion in tax revenue-both by 2020.

The same study predicted that the sector as a whole will grow to $24.1 Billion by 2025.

Legal in all 50 US states and Canada, the American CBD market hit$170 million in 2016, and is projected to hit$1 billion by 2020.

What's not widely seen is the boom in the infrastructure to support these many products that are providing the industry's value. Things are developing so fast that the industry is just now beginning to figure out how to accommodate that hyper growth.

To reach these kind of massive numbers, the industry is going to need a lot of independent labs doing research and coming up with new and better extraction methods, formulations and major testing capacity.

ATT in the Crosshairs

All the growth and attention being paid to testing have put ATT squarely in the crosshairs. The company is quickly establishing multiple assets to become Canada's cannabis testing, formulation and extraction facility of choice.

As a cooperative arm of the company to run in conjunction with Northern Vine Labs, Abattis has formed another subsidiary under the name Vergence, which will market and sell natural, safe, and effective health products.

Those products will target reducing pain caused from inflammation, boost immunity, and increase nutrient absorption. As natural remedies, these products will likely reach the market faster than a pharmaceutical product would, without the lengthy and costly clinical trials.

BuildingInfrastructure

Many of the companies in the cannabis space have entered through the ***producer***'s side of the business in cultivation or harvesting. Certainly the big three in Canada have focused on production.

However, there remains a very large and potentially profitable opening for those companies applying bioscience and technology to the business.

Early frontrunners in this field are companies like CanniMed Therapeutics, which offers GMP-compliant production process and world class research and development platforms with a wide range of pharmaceutical-grade cannabis products from its base in Saskatchewan.

But, even significant players have yet to tap into an even greater potential resource... one that's at the center of up and comer Abattis Bioceutical Corp.'s agenda.

Abattis Bioceuticals and its majority-owned subsidiary Northern Vine Labs have merged efforts to create a state-of-the-art testing and research company, supported by its fully licensed labs that provide for legal cannabis testing and formulations.

These combined operations will be one of the most sophisticated, Health Canada licensed operations in the country with the potential to handle virtually all forms of Cannabis testing and extraction development.

Cannabis Testing a Must

The global cannabis testing market is expected to grow at a compound annual growth rate of 11.5%, culminating towards a $1.42 billion market by 2021.

In order to hit the shelves, ***producers*** will need to have an accurate depiction of the drug's potency, including the levels of the most sought after medicinal components of cannabis, THC and CBD. To achieve that, even the mega ***producers*** will require a third party to test their product before it goes to market.

That's where Abattis is smartly staking its place as the gold standard. Their first order of business was to build a full spectrum lab and staff it with industry experts to ensure the quality standard they promise the sector.

The company's Northern Vine Labs facility will not be limited for testing, however. Another major component to the facility will be in extraction and formulation.

This means that the company will be involved in innovation of methods to extract medicinal components from cannabis on a massive industrial scale, and to formulate them for consumer products.

Through its unique position as one of only very few labs granted the licensing needed to test cannabis, ATT is securing its future in the cannabis sector. With the addition Northern Vine Labs for research and products through Vergence, the company is also opening its services to a very broad spectrum.

As it stands, Abattis looks like it could easily leap frog the progress of the CanniMeds, Supreme Therapeutics and Lexarias in this space. While those have seen huge increases in value, Abattis Bioceuticals appears undervalued at a mere $24 million market cap.

ATT has diversified its operations into several segments, from research and certification in its testing and lab facilities, to formulations and extracts exclusive to Northern Vine Labs and to products provided by its Vergence subsidiary.

Although relatively new as a fully operational cannabis sector company, ATT has managed to bring together valuable assets and tripled its price since one year ago. With the early interest and pent up demand for services, Abattis Bioceuticals looks like a real potential leader as this sector continues its major momentum drive.

Potential Comparables

CanniMed Therapeutics Inc(TSX: CMED.TO) (CMMDF)

CanniMed Therapeutics Inc. is a Canadian-based, international plant biopharmaceutical company and a leader in the Canadian medical cannabis industry. CMED has an active plant biotechnology research and product development ***program*** focused on the production of plant-based materials for pharmaceutical, ***agricultural*** and environmental applications. Its subsidiary CanniMed Ltd., was the first ***producer*** to be licensed under the Marihuana for Medical Purposes Regulations (MMPR), the predecessor to the current Access to Cannabis for Medical Purposes Regulations (ACMPR). The company also owns ***strategic*** assets to service the potential medical cannabis market in the United States.

SupremePharmaceuticalsInc.(TSX-V: FIRE.V) (OTC: SPRWF),

Supreme Pharmaceuticals, through its wholly owned subsidiary, 7ACRES, is one of the first 40 federally licensed Canadian ***producers*** of medical cannabis pursuant to the ACMPR. The company operates inside a 342,000 sq. ft. Hybrid Greenhouse facility located in Kincardine, Ontario. It is the largest facility of its kind to grow with advanced HVAC and C02 enrichment using the full-spectrum sun. The company has commenced its first sales of dried cannabis to Aurora Cannabis, possibly the largest and most trusted retail brand in the Canadian industry.

Lexaria Bioscience Corp.(CSE: LXX.CN) (OTCQB: LXRP)

Lexaria Bioscience has developed and out-licenses its proprietary technology for improved taste, rapidity, and delivery of bioactive compounds, including cannabinoids. Though boasting a wide range of health benefits, cannabinoids are traditionally poorly absorbed by the body's gastrointestinal tract. To achieve higher effectiveness, consumers usually default to smoking. Lexaria provides a superior administration method by delivering hemp oil ingredients - or through locally licensed partners, cannabis oil ingredients - through a patented process within food products.

For a more in-depth look into ATT you can view the in-depth report at USA News Group: [*http://usanewsgroup.com/2017/09/11/biotech-sector-poised-to-deliver-more-health-and-wealth-2-2-2*](http://usanewsgroup.com/2017/09/11/biotech-sector-poised-to-deliver-more-health-and-wealth-2-2-2)

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[*info@usanewsgroup.com*](mailto:info@usanewsgroup.com)

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Contact Information:

Media Contact

[*e-mail:editor@financialnewsmedia.com*](mailto:e-mail:editor@financialnewsmedia.com)

U.S. Phone: +1(954)345-0611

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[***Trump's Steel Tariffs Raise Fears of a Damaging Trade War; Analysis***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RSX-0231-JC85-N1X0-00000-00&context=1516831)

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**Body**

**ABSTRACT**

A global tit-for-tat on trade could crimp economic growth, undermining the stimulative effects of President Trump's deregulation push and his signature $1.5 trillion tax cut.

**FULL TEXT**

WASHINGTON - After making good on tax cuts and regulatory rollbacks that business leaders wanted, President Trump has turned to a part of his economic agenda that many of them feared: tariffs.

Those leaders worry that Mr. Trump, by imposing stiff and sweeping tariffs on steel and aluminum, will set off a trade war with other countries. The global tit-for-tat could hurt American exporters and raise costs for manufacturers that rely on a vast supply chain around the world.

If that happens, it will crimp economic growth, undermining the stimulative effects of Mr. Trump's deregulation push and his signature $1.5 trillion tax cut.

The odds of such an outcome now appear to be rising, prompting congressional Republicans to push Mr. Trump in public and in private to reconsider. "If the president goes through with this, it will kill American jobs - that's what every trade war ultimately does," Senator Ben Sasse, Republican of Nebraska, said on Friday. "So much losing."

So far, Mr. Trump is not having any of that criticism, saying on Twitter on Friday that "trade wars are good, and easy to win."

That's not how trade wars usually go.

**READ MORE:**

· The president appeared eager on Friday to defend his decision to levy sweeping tariffs, **calling trade wars "easy to win."**

· Many economists say the opposite: that even the prospect of a trade war will **hurt economic expansion**.

· In many ways, **the tariffs are economically small** and symbolically huge. Here's why.

Even the prospect of a trade war could hurt the economic expansion underway. That's because any uncertainty can prompt companies to curtail investment or hold off on hiring.

If other countries follow up on their threats to retaliate, the pain could be significant. Beyond tariffs, their tools include taking ***strategic*** strikes at certain industries or taking their grievances to the World Trade Organization.

Any actions threaten the global supply chains on which the American economy is heavily dependent. The number of workers who will lose out if countries are cut off from America far exceeds the number who stand to gain from the pending tariffs.

"Industries that buy steel and aluminum, not to mention ***agricultural*** exporters, employ many times more people than the industries that the president wants to protect," said Peter A. Petri, an economist and trade expert at Brandeis University's International Business School. "Whether we go through with his approach is anyone's guess, but business investment depends on predictable policy, and relentless chaos takes its toll even if cooler heads prevail on the policies that the president is tweeting about."

Mr. Trump's ***planned*** tariffs would, in effect, levy a tax of 25 percent on imported steel and 10 percent on imported aluminum. The goal is to counter China, Russia and other countries that have flooded the global markets with cheap products and made it harder for the American steel industry to compete.

If put into effect, the tariffs would raise the price of steel and aluminum, squeezing automakers, beverage manufacturers and other industries that buy a lot of those materials. That would increase prices for consumers, kill some jobs in those industries or both.

The tariffs would almost certainly provoke a response from America's trading partners - and not just China and Russia, because they would apply to every other country. On Friday, the European Union threatened to retaliate by imposing tariffs of its own on some goods from America, including bluejeans, bourbon and motorcycles.

If the back-and-forth stopped there, the American economy would lose 0.1 percent of its output this year, said Mark Zandi, the chief economist at Moody's Analytics. That loss would cost the country 190,000 jobs.

What worries many economists is the prospect that the retaliation will go even further. A cycle of increasingly harsh tariffs would slam the brakes on global growth.

Here is one way the dispute could worsen: By provoking responses from Canada and Mexico, the tariffs could derail the current renegotiation of the North American Free Trade Agreement. Mr. Trump could pull the United States out of that agreement, which would erect new and damaging trade barriers on ***agricultural*** exports from states such as Iowa.

Another possibility is that other countries could file complaints with the World Trade Organization. The W.T.O. could declare that the tariffs violated global trading rules, but the Trump administration, which has marginalized the organization, could choose to ignore it.

Such a move would stir chaos in the global trading regime. It would be like ejecting the referee from a playoff basketball game. A free-for-all could ensue, with countries levying tariffs or subsidizing domestic exporters in ways the W.T.O. would never allow.

Mr. Zandi estimates that a Nafta breakdown would cost the United States 1.8 million jobs. He calculates that a full global trade war, while far less likely, would carry much higher risks, including nearly four million lost American jobs.

"The economic fallout from such a war could be serious," he said, "ending in a global recession."

Others expressed less concern: In an era of globalization, the talk of retaliation may be stronger than the actual action. And some economists, particularly those on the left, even saw a possible bright side.

Jared Bernstein, an economist in the Obama administration who is now at the Center on Budget and Policy Priorities, expects some counter-tariffs, maybe from China on food products.

"You always hear trade war at these moments," Mr. Bernstein said. "That doesn't mean that's always wrong, but it usually is."

Thea M. Lee, a trade economist and the president of the Economic Policy Institute, a liberal think tank, said the tariffs could actually help global markets. They would punish countries that overproduce steel and aluminum, she said, and bring stability and certainty to ***producers*** of those metals in the United States.

"It's not actually in anybody's interest to spiral downward and get into a massive retaliatory situation," Ms. Lee said. "I think there will be some immediate reactions, but I don't think it will spiral out of control."

From the beginning of his insurgent 2016 presidential campaign, Mr. Trump has seen "winning" on trade as critical for the economy. Reducing trade deficits, he has argued, will work in tandem with lowering taxes and reducing federal regulations to supercharge growth.

Mr. Trump took several steps last year to freeze or roll back regulations, and he signed a $1.5 trillion tax-cut bill in December. He also took initial steps to reorient trade policy, pulling out of the Trans-Pacific Partnership and embarking on the fractious renegotiation of Nafta.

While economic growth accelerated, the trade deficit in goods and services widened to $566 billion last year, the largest amount since 2008. The goods deficit with China hit $375 billion, a record.

The tariffs that Mr. Trump announced Thursday were his boldest move yet on trade. They were also a reminder to the Republican establishment that his theory of the economy is sometimes at odds with traditional free-market conservatism, despite much overlap.

On Thursday, the conservative Wall Street Journal editorial board called the tariffs the "biggest policy blunder of his presidency." The top two Republicans in Congress - the Senate majority leader, Mitch McConnell, and the House speaker, Paul D. Ryan - were imploring Mr. Trump privately to reconsider.

Mr. Trump, though, casts himself as protecting an industry that he sees as endangered. Raw steel production in America remains higher than it was 25 years ago, but it is down significantly from the 1970s. Just under 140,000 Americans work in the steel industry, according to the American Iron and Steel Institute.

While Mr. Trump's stand is likely to give him a boost in industrial states like Ohio and Pennsylvania, which were both key to his 2016 victory, a trade war may harm other manufacturing strongholds that are home to his base voters.

Last year, researchers at the Brookings Institution's Metropolitan Policy ***Program*** reported that smaller metropolitan areas would be disproportionately hurt by a trade shock. The 10 that were most vulnerable, because of their economic reliance on exports, were in Indiana, Texas, Louisiana, South Carolina and Alabama - all states Mr. Trump carried.

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**Body**

Zagreb, 06 December 2017 (Hina) - President:Euro-Atlantic future enlargement to SEE will further consolidate EuropeZAGREB, Dec5(Hina) -Euro-Atlantic integration is the only guarantee of stability and prosperity for Southeast Europe and it is important to recognise that future enlargement will further consolidate the European Union rather than just make it larger, Croatian President Kolinda Grabar-Kitarovic has said in her speech at the Tufts University in Boston, as part of her working visit to the United States.Special focus of Croatia’s foreign policy belongs to our immediate neighbourhood of South East Europe, Grabar-Kitarovic said on Monday in her speech dedicated to Croatia's foreign policy.Grabar-Kitarovic underscored Croatia would continue to provide strong support for the European and/or Euro-Atlantic perspective of the whole area.The countries of South East Europe have been sitting in the Euro-Atlantic "waiting room"for far too long, without any real progress, the Croatian president said, adding that amere promise of distant prospect for EU and/or NATO membership would not suffice anymore."I firmly believe that Euro-Atlantic integration is the only guarantee of stability and prosperity for this region. In this respect, it is important to recognise that future enlargement will further consolidate the European Union rather than just make it larger."In this context, I prefer to use the political term “consolidation of Europe”. I believe that it is a broader term than 'EU enlargement',which is often viewed as a technical exercise.

To fully consolidate Europe and achieve stability, security and development, South East Europe has to be incorporated. The EU may grow in the number of Member States with the integration of South East Europe, but it will not be enlarged. Instead, it will be complete and consolidated," Grabar-Kitarovic said.By establishing a more assertive, self-confident and multi-dimensional foreign policy posture, Croatia is utilising its geographic position in order to provide part of the solution to some of Europe’s most pressing issues, the president said."Due to historical events that created a fragmented Central Europe, the reunification of the European continent has failed to neutralise the artificial division between so categorised 'old' and 'new' Europe. With the aim to prevail over these obstacles and take the forefront in building an even stronger Europe and Euro-Atlantic coherence, cohesion and solidarity, twelve Central European Member States have successfully united under the globally recognised project of the Three Seas Initiative, headed by our close friends and allies -Poland from the North and Croatia from the South. I am pleased that next year we will come together in Romania, for the Third Summit of the Three Seas Initiative, after Dubrovnik and Warsaw, confirming our mission of improving cohesion between the countries within the Baltic, Adriatic and Black Sea area," the Croatian president said.Faced with rapidly developing global challenges, Europe and the entire Euro-Atlantic area, as well as the whole world, are at a turning point, Grabar-Kitarovic said."This Transatlantic relationship is even more important today, as we are faced with unprecedented challenges of a growing nuclear threat from the Korean Peninsula, of a very unstable and volatile Middle East, of unparalleled movement of people fleeing wars, violence, genocide, starvation, looking for a better life. The ever-growing threat of terrorism, hybrid and cyber warfare reminds us why we have/need NATO and why it is of utmost importance to keep our commitments strong and remain united," the Croatian president said.That is why Croatia’s commitment to NATO's core task - collective defence - is steadfast, Grabar-Kitarovic said."During 2018 we will deploy, in total, 260 troops in NATO's enhanced Forward Presence. Croatia is engaged in two battle groups, in Poland and Lithuania and both of our contingents are already on the ground. We also strongly support NATO's increasing role in the fight against terrorism. Croatia's most prominent contribution in that regard is our contingent in Resolute Support Mission. During 2018 we ***plan*** a 10% increase of our current (almost 100 troops strong) contingent in Afghanistan. As for our other contributions to Allied operations and missions, we will keep our presence in KFOR, providing our support to stability and security of Kosovo, as long as it is necessary. Croatia also strongly supports the strengthening of NATO-Kosovo interaction," the president said. Grabar-Kitarovic in Boston on Monday visited the famous Massachusetts Institute of Technology (MIT) where she bestowed a Croatian state decoration on Croatian scientist Marin Soljacic for his efforts to promote Croatia in the world.On Tuesday she will travel to New Yorkto meet United Nations Secretary General Antonio Guterres.On Wednesday Grabar-Kitarovic will take part in a session of the UN Security Council dedicated to the work of the International Criminal Tribunal for the former Yugoslavia (ICTY).Grabar-Kitarovic, Guterres say verdicts for crimes are against individuals, not statesZAGREB, Dec 5 (Hina) - UN Secretary General Antonio Guterres and Croatian President Kolinda Grabar-Kitarovic said on Tuesday, discussing the situation in Southeast Europe, that the International Criminal Tribunal for the former Yugoslavia (ICTY) delivered verdicts against individuals and not states.Grabar-Kitarovic met with Guterres as part of her working visit to the US. On Wednesday, she will participate in a Security Council session on the work of the ICTY.Guterres has said that "every verdict is a verdict against individuals and not states," she told Croatian reporters.Discussing the situation in Southeast Europe, they "agreed that there is cause for concern, especially since the European integration process has come to a halt," she said, adding that Guterres was informed about and interested in the situation in the region.She said they agreed it was necessary to work "on stepping up that process and on stepping up the resolution of the outstanding issues between our states."As for last week's ICTY verdict against six Bosnian Croats for crimes committed in Bosnia and Herzegovina, Grabar-Kitarovic said she told Guterres she was concerned "about the rhetoric which can be heard," such as assessments that the verdict was "directed against Croatia" and "the announcement of some steps", including with regard to reparation demands for former POWs."This is developing into a kind of condemnation of Croatia, which is absolutely incorrect, and it's necessary to break the prejudice that Croatia was an aggressor in Bosnia and Herzegovina. I repeat, the indictments and the conviction were individual. One is individually accountable for any crimes that were committed," she said, adding that she did not want last week's verdict to create prerequisites for rows between Bosniaks and Croats or "open new debates on wars and guilt.""We regret every crime and express deep respect for every victim, notably the victims in these cases. But we should also be very realistic and look at everything the Republic of Croatia had done for Bosnia and Herzegovina, and also be real about the future of our countries' relationship," she said, adding that they were "oriented towards each other.""It's in my interest, first and foremost, that there are no conflicts or rows between Croats and Bosniaks, and the Serbs, of course, in Bosnia and Herzegovina, and that this verdict doesn't complicate even more the processes in Southeast Europe, but that we look into the future rationally and that we work on improving our relations and on the stabilisation of Bosnia and Herzegovina and its European journey," the Croatian president said."I think we've all had enough of history... and we should firmly turn to the future," Grabar-Kitarovic added.Her office said Guterres accepted an invitation to visit Croatia.Plenkovic: No grounds for POWs to sue CroatiaZAGREB, Dec 5 (Hina) - Croatian Prime Minister Andrej Plenkovic said on Tuesday it was not possible for former Bosniak prisoners of war to sue Croatia and be compensated for being held in Bosnian Croat-run detention centres, expressing regret for all victims of the 1992-1995 war in Bosnia and Herzegovina."This verdict is not about the responsibilities of states but of individuals. I don't see how someone could find a legal basis for such lawsuits in this verdict," Plenkovic said during his visit to Mostar, southern Bosnia and Herzegovina, referring to a guilty verdict handed down by the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague last week against six Bosnian Croat wartime political and military leaders. He was asked by the press to comment on announcements in the media that former Bosniak POWs would sue Croatia for its alleged involvement in the war.On the second day of his visit, Plenkovic met with leaders of the Croatian National Assembly, the umbrella organisation of Bosnian Croat political parties.Addressing a joint press conference, the Chairman of the Bosnia and Herzegovina Presidency, Dragan Covic, called on all former prisoners of war to seek satisfaction by suing Bosnia and Herzegovina."This concerns all Bosniak POWs who suffered, and all Croat POWs too who suffered in 331 Bosniak camps, and all Serb POWs. Bosnia and Herzegovina needs to find a way how to help these people, how to compensate for their sacrifice and suffering," Covic said.Plenkovic expressed his sympathy with the victims named in the latest ICTY verdict and with all war victims in Bosnia and Herzegovina."Here I want to clearly express sympathy with all the victims andregret for the crimes mentioned in that verdict, and for all war crimes committed in Bosnia and Herzegovina, including those against Croats," Plenkovic said.He rejected claims that he had made a reversal since the government session last week when he said that Croatian wartime president Franjo Tudjman's policies were not criminal. He said that Croatia was a UN member and one of the founders of the Hague tribunal, and that it had tried three times to present its views on the disputed allegations as an amicus curiae."There are no doubts about whether we accept or do not accept the verdict. There has been no change in our position, which is very clear. We respect the verdict. Are we satisfied with some of its parts? Quite clearly, we are not," the Croatian prime minister said.Plenkovic said that Croatia would continue to strongly support Bosnia and Herzegovina and the Croats there. "Croatia wants the Croats in Bosnia and Herzegovina to be fully equal with the other two constituent nations. We will do all we can to ensure this through dialogue," he said, adding that it was particularly important for Bosnia and Herzegovina to change its electoral law so that Croats could choose their own representatives in government."In the year ahead, which is an election year in Bosnia and Herzegovina, we want the Croat political parties to show unity and to prepare themselves for election challenges and for representative institutions. Croatia wants the Croats in Bosnia and Herzegovina to be on an equal footing with the other two constituent nations," Plenkovic said.Covic called for defusing tensions in Bosnia and Herzegovina and thanked Plenkovic for the support. "I am confident that these talks are a great encouragement to all of us in Bosnia and Herzegovina not to lose faith, to find a way how to survive in Bosnia and Herzegovina, how to build Bosnia and Herzegovina as our homeland while at the same time strengthening the position of Croats as an equal and sovereign nation in the entire territory of Bosnia and Herzegovina," he said."We need a true peace here. We need to prevent anescalation, a negative atmosphere and a return to the past, which was such that it should indeed never happen again anywhere," Covic said.ICTY officials criticise Croatia over reactions to verdict against six Bosnian CroatsZAGREB, Dec 5 (Hina) - Senior officials of the UN war crimes tribunal for the former Yugoslavia (ICTY) have criticised reactions by Croatia's authorities and the Bosnian Croat authorities to last week's verdict in a case against six Bosnian Croat military and political leaders, saying that those reactions undermined the tribunal and are proof that crimes are still being tolerated.The Croatian authorities have fiercely criticised the final verdict against the six Bosnian Croat leaders which was handed down on November 29 and upheld the trial judgement sentencing the six to a total of 111 years in prison for war crimes committed against Bosnian Muslims (Bosniaks) in the Croat-Bosniak war in 1993-94.The Croatian authorities primarily consider as unacceptable the judges' conclusion that the Croat-Bosniak conflict was an international conflict and that Croatia's state leadership at the time was involved in a joint criminal enterprise aimed at ethnically cleansing Muslims from the majority-Croat territory of Herceg Bosna.The pronouncement of the verdict was overshadowed by the suicide of one of the defendants, Slobodan Praljak, in the courtroom. Upon hearing the appeals chamber upholding his trial chamber verdict of 20 years' imprisonment, Praljak drank cyanide.ICTY President Carmel Agius, who was the presiding judge of the appeals chamber deciding on the case of the six Bosnian Croats, said at a special meeting at the UN that the appeals verdict was delivered in circumstances that were stressful for all.It is sad that some have used that tragic situation to undermine the tribunal and its verdicts, said Agius, without explicitly naming Praljak or the Croatian authorities.The verdict in the case of the six Bosnian Croats was the last one before the ICTY closes its door at the end of 2017.ICTY Chief Prosecutor Serge Brammertz said at the meeting that the irony of the whole case was that the verdict drew public attention precisely because of what happened in the courtroom which made the crimes committed and the hundreds and thousands of victims who had suffered because of the crimes of the six convicts gain in significance.In Croatia and the Croat-populated parts of Bosnia and Herzegovina we have seen very negative reactions that are continuing, said Brammertz at the meeting dedicated to the completion of the ICTY's work, organised by Italy, Uruguay and the Netherlands.Stressing that both the prosecutors and the judges insisted that individuals and not nations and states had been on trial, Brammertz said that this message had evidently not been successfully relayed and that the reception of crimes continued to be a problem everywhere.Brammertz therefore believes that the discoveries the tribunal has made over the 24 years of its work are one of its most important legacies.The verdicts, the archive, more than 4,000 witness statements, more than ten million pages of documents related to the wars in the former Yugoslavia, expert opinions... all of that will be a reminder for those who negate crimes and glorify war criminals. All those who want the truth can look into those databases, stressed Brammertz.He said that many politicians rejected the concept of joint criminal enterprise as legally unfounded without understanding what it actually meant.The concept exists in other international courts and in some countries' laws, he said, adding that the concept of joint criminal enterprise was a very efficient tool used by his office to make leaders answer for crimes committed by the armies, police or paramilitaries under their control.Thanks to the joint criminal enterprise theory, we have established that the war in Bosnia and Herzegovina was not just a civil war but that Belgrade as well as Zagreb had a role in that war, which was an international armed conflict, the ICTY chief prosecutor stressed.MPs continue trading barbs over UN tribunal verdictZAGREB, Dec5(Hina) - A discussion on a law on special taxes on motor vehicles was interrupted in the Croatian parliament on Tuesday by an exchange of barbs over last week's verdict by the UN war crimes tribunal for the former Yugoslavia against six former Bosnian Croatmilitary and political leaders, the status of Croats in Bosnia and Herzegovina and Prime Minister Andrej Plenkovic's visit to Mostar, after Bridge MPBozo Petrov requested a break on that topic.Addressing the parliament, Petrov noted that the Croat people in the neighbouring country would not benefit at all from Plenkovic's visit, wondering if Croatia's lack of a long-term strategy for Croats outside Croatia was normal."You have left those people to fend for themselves, (former president) Stjepan Mesic told them to turn to Sarajevo. It is incredible that people in Bosnia and Herzegovina say that the SDP has done more for them than the HDZ," Petrov told the HDZ, his party's coalition partner of not so long ago.He went on to say that currentMinister of the Interior Davor Bozinovic wasMesic's chief of staff at the time when documents requested by The Hague-based UN tribunal were sent to The Hague, that Parliament Speaker Gordan Jandrokovic served as foreign minister at the time, that former prime minister and HDZ chief Ivo Sanader "handed over the generals", and that senior HDZ official Vladimir Seks ordered the "locating, arrestand transfer" of Croatianindictees to the UN tribunal."Is that how you stand by the Croats in Bosnia and Herzegovina?" he said, an allusion toPMPlenkovic's statement in Mostar on Monday that Croatia stood by Bosnia and Herzegovina and the Croats living there.HDZ MP Ivan Suker responded by saying that Plenkovic's visit was something that had to be done from the human and political points of view, deploring what he described as attempts to score political points on the topic.He said that Croatia had shown care for the Croats in the neighbouring country by adopting, among other things, a law on Croatian war veterans.All politicians in Croatia, a country that cared for about 700,000 displaced Bosniaks, have the task to promote their truth, which is that Croatia could not have been an aggressor in Bosnia and Herzegovina, said Suker."If ithadn't been for Operation Storm... Bihac would have fared much worse than Srebrenica," Suker said."We have to fight together (to promote) the things Croatia did during the war for Bosnia and Herzegovina and in that we must be united," he told Petrov, noting that Petrov had not done one percent of what he (Suker) had done for the Croats in Bosnia.HDZ MP says Croats in Bosnia seeking same rights as other two peoplesZAGREB, Dec5(Hina) - Croats in Bosnia want nothing more for themselves, but will agree to nothing less than what had been given to the other two constituent peoples in Bosnia and Herzegovina, Ante Babic of the Croatian Democratic Union (HDZ) said in parliament on Tuesday.The goal of Croatia's policy in Bosnia and Herzegovina is to ensure full, constitutional and legal equality for the Croat people as enjoyed by the other two peoples in that countryand no other solution isacceptable for us, Babic said, saying that Prime Minister Andrej Plenkovic travelled to visit Bosnian Croats and to talk on certain matters that are important "for us as well as for Bosnian Croats."Croats in Bosnia are the least numerous people, but they are not a minority but one of the three constituent peoples, Babic said.He also commented on the judgment handed down by the International Criminal Tribunal for the former Yugoslavia (ICTY) against six Bosnian Croats. A ruling handed down by any court, including the one in The Hague, which is being used to stigmatise an entire nation, is not acceptable to us, the HDZ MP said.Sarajevo archbishop against stigmatisation of one people in BosniaZAGREB, Dec5(Hina) - The Archbishop of Sarajevo, Cardinal Vinko Puljic, said in Brussels on Tuesday that all war victims should be respected regardless of their ethnic background and that the UN tribunal's verdict against six Bosnian Croat wartime military and political leaders had brought "a negative dose ofstigmatisation of one nation", which the international community should take seriously.Puljic was attending the conference "A European Bosnia and Herzegovina: Cultural Diversity and Reconciliation", organised by Croatian members of the European Parliament Dubravka Suica and Zeljana Zovko and Romanian MEP Cristian Dan Preda, the European Parliament's rapporteur on Bosnia and Herzegovina.Attending the conference were also the head of the Islamic Community in Bosnia and Herzegovina, Husein Kavazovic, Bosnian Foreign Minister Igor Crnadak, International High Representative to Bosnia and Herzegovina Valentin Inzko, Croatian Assistant Foreign Minister Boris Grigic, andEuropean Commission officials.Puljic said that as a country of three constituent and equal peoples Bosnia and Herzegovina should join the European Union, which would help stabilise the country and secure a lasting peace."That would bring security, there would be less emigration because people would stay at home and build thecountry," he said.The cardinal also said that as a man of faith, he deeply regretted all the victims and distanced himself from crimes."We owe thanks to the Dayton peace agreement that put an end to the war, but I regret that it did not help build Bosnia and Herzegovina on the basis of equality," said Puljic.Commenting on the work of the UN war crimes tribunal for the former Yugoslavia (ICTY), Kavazovic said that its verdicts "are probably the closest to the truth.""I believe that the tribunal played an important role and in a way closed the chapter on the 1990s. It is up to us now to understand correctly what happened. The tribunal's verdicts are probably the closest to the truth about what happened, I'm not saying that they constitute the entire truth but are probablyclosesttoit," said Kavazovic.He added that he believed that the verdicts should be respected and that attemptsshould be made to build new relations on the basis of them, leaving the past behind, if possible."I believe that for some time to come dances around totems will continue in these Balkan countries of ours but those dances will stop one day and having sobered up from all that, we will probably realise one day that there is a lot of what connects us, a lot of what we should and can do for one another, and then we will turn to the future," said the Muslim dignitary.Croatian MEP Dubravka Suica said that leaders in Bosnia and Herzegovina should be persuaded to look to the future ratherthan the past."The three constituent peoples should be equal, the election law must be changed in line with the Constitutional Court ruling. That is the only way to ensure not just de iure but also de facto equality for the Croats," she said.MEP Tonino Picula, a member of the Croatian Social Democratic Party (SDP) who moderated the discussion on challenges facing Bosnia and Herzegovina on the path to EU membership, said that there was not much reason for optimism at present, not only because of the situation in the country but also because of the EUwhich now put much more complex tasks before aspirants than had been the case so far."At this moment, there is much more consensus on Bosnia and Herzegovina in the European institutions than in Bosnia and Herzegovina itself," said Picula.Bosnian Foreign Minister Igor Crnadak said reconciliation in Bosnia and Herzegovina required more honesty on all sides."There is no will to put an end to the chapter on war crimes. There can be no reconciliation without that. The numerous remaining cases must have a judicial epilogue.The pas cannot be forgotten but it must not burden the future," said Crnadak.Croatian Assistant Foreign Minister Boris Grigic agreed with Crnadak, underlining equality as the key element.Addressing the event, High Representative Inzko mentioned the issue of amendment of the election law and noted that failure to amend it could bring into question the holding of parliamentary elections in 2018.Elections may be delayed and that may cause a political crisis, he said, calling for a compromise.Croatian cultural society in Bosnia says ICTY verdict unjustZAGREB, Dec5(Hina) - The Napredak Croatian Cultural Society in Bosnia and Herzegovina (BiH) said on Tuesday the Hague war crimes tribunal's verdict against six former Bosnian Croat leaders was unjust, and remindedeveryone in BiH and Croatia that, whatever anyone thought of the verdict, it did not impact reconciliation and the relations between the nations orthe building of a joint future.Napredak said in a press release that all victims deserved respect and criminals a just punishment, based on individual and command responsibility as well as facts and not political games."Without getting into thelegalassessment ofthe verdict andthetribunal in The Hague, we feel, as people who went throughand survived the 1990s in this region, that the upheld trial chamber verdict against the six Croats was not delivered on the basis of essential facts but often on the basis of political assessments, therefore causing bitterness among a large number of Croats, and that it is not conducive to reconciliation between the nations in this region. We believe the Hague tribunal has thereby damaged its own reputation as well as the reputation of the United Nations which founded it," the press release said among other things.Split hospital commended by Bosnian president for treating Bosniaks, says directorZAGREB, Dec 5 (Hina) -Reflecting on wartime events in light of the judgement against six Bosnian Croats, the director of the Split General Hospital, Mihovil Biocic, said that at the height of the conflicts between HVO Croatian defence forces and the Army of Bosnia and Herzegovina, the hospital treated as many as 200 wounded Croats and Bosniaks on a daily basisand recalled that the then president of Bosnia and Herzegovina, Alija Izetbegovic granted the hospital a certificate of acknowledgement for all it did for Bosniaks."We took in and helped anyone coming from Bosnia and Herzegovina and at the height of the conflicts between the HVO and the army of Bosnia and Herzegovina, helicopters were delivering as many as 200 wounded Croats and Bosniaks in one day," Biocic told Hina.He said that sometimes"international forces" would not allow Croatian helicopters into those areas where they were supposed to pick up the wounded, hence transport took a "long time and was dangerous."According to Biocic, other hospitals across Croatia also treated wounded citizens from Bosnia and Herzegovina, however, due to war circumstances, the only way out of war zones in Bosnia and Herzegovina was through Split."We treated the wounded from Herzegovina and central Bosnia and because bridges across the Sava river had been demolished, we sometimes had patients delivered from northern Bosnia too," he said and added, "we treated everyone regardless of their ethnicity."He underscored that the hospital had received around 100 certificates of acknowledgementfrom various Muslim civil and military authorities including one from the then president.In his acknowledgement for helping the wounded from Bosnia and Herzegovina, President Alija Izetbegovic said, "this will never be forgotten here."According to Biocic, "about 32,000 patients and the wounded from Bosnia and Herzegovina were treated in the Split hospital, 40% of whom were Muslims, with another 22,061 sick and wounded treated in field hospitals in central and southern Bosnia and Herzegovina."He added that in September 1993 in the Split area alone, there were around 180,000 refugees from Bosnia and Herzegovina, mostly Muslims, who were cared for by Croatian authorities and the Split hospital.OSCE media repurges probe into threats against reporters in Croatia, BosniaZAGREB, Dec 5 (Hina) - The Organisation for Security and Cooperation in Europe (OSCE) warned on Tuesday about the unacceptability and danger of attacks on journalists in Croatia and Bosnia and Herzegovina who have been exposed lately to insults and death threats for reporting about the conclusion of the UN war crimes tribunal for the former Yugoslavia (ICTY) case against six Bosnian Croat military and political leaders.The OSCE Representative on Freedom of the Media, Harlem Desir, today called on the authorities in Croatia and in Bosnia and Herzegovina to investigate numerous death threats against journalists and ensure their safety, following the recent conclusion of the war crimes court case."I strongly condemn all threats against journalists, especially those aimed at silencing them. Authorities have an obligation to ensure that journalists have safe working conditions, and that persons threatening them are prosecuted," Desir said.The OSCE Office for Freedom of the Media in Vienna recalled that according to journalists' organisations in the two countries and numerous reports, many reporters and media outlets received messages containing various threats of abuse and violence, including death threats.Among those who received threats are journalists from Croatia's Index.hr portal, while in Bosnia and Herzegovina death threats have been received by journalists Sanel Kajan of Al Jazeera and Stefica Galic of the Tacno.net portal.These and many other cases have been reported to police in the respective countries and the OSCE expects a swift investigation of all threats.The OSCE Representative on Freedom of the Media observes media developments in all 57 OSCE participating states. He provides early warning on violations of freedom of expression and media freedom and promotes full compliance with OSCE media freedom commitments.***Programming*** Council says HRT's distancing itself from talk show host breach of const. rightsZAGREB, Dec 5 (Hina) - The HRT public broadcaster's ***Programming*** Council on Tuesday adopted by a majority vote and with dissenting opinions a conclusion which describes as a serious omission the broadcaster management board's distancing itself from HRT talk show host Aleksandar Stankovic.Commenting on an edition of the "Nedjeljom u dva" talk show ***programme***, hosted by Stankovic, the HRT management board said recently that, "in line with the Constitution and the (parliamentary) Declaration on the Homeland War", it distanced itself from views made public in the ***programme*** in which Stankovic talked with his guest about whether the 1991-95 Homeland War, aside from being a war of aggression, could also be described as a civil war.The conclusion of the HRT ***Programming*** Council reads that by distancing itself from Stankovic, the HRT management board "has clearly violated a number of personal and political freedoms and rights provided for by the Constitution", notably its article that "underlines that the freedom of opinion covers the freedom of the press and other means of communication, and freedom of speech, and bans censorship, thus guaranteeing reporters the right to free reporting."Act of distancing worrying as it implies that there are unallowed questions"By stressing clearly that Croatia was exposed to a war of aggression, in his typical provocative style Stankovic discussed with his guest the rebellion of a part of the Croatian Serb population and in doing so, he did not do anything to contest the Declaration on the Homeland War. By distancing itself from its reporter, the HRT imputed to Stankovic having stated views which he did not state, thus siding with various associations which have wrongly interpreted the ***programme*** and launched a lynching campaign against Stankovic. The act of distancing is worrying because it implies that there are questions that must not be asked and topics that must not be discussed," reads the conclusion.It also notes that most members of the ***Programming*** Council, with the exception of dissenting opinions, have been warning for quite some time about wrong ***programming*** and management decisions of different HRT management boards that have resulted in the cancellation of good ***programmes***, in prominent reporters leaving the broadcaster and in a drop in viewer ratings.Against the conclusion were ***Programming*** Council chair Zdravko Kedzo, who said that Stankovic's hosting of the ***programme*** in question was below the professional standards of a public media service, not because he questioned the theories about the Homeland War but because he insisted on it having been a civil war.Also against the conclusion was ***Programming*** Council member Zorislav Lukic, who said that he could not accept the theory that the Homeland War was a civil war, while member Ivo Lucic wondered if the ***Programming*** Council evaluated ***programmes*** or commented and condemned moves by the broadcaster's management.The conclusion was voted for by, among others, Ivica Mastruko, Sasa Milosevic and Maja Sever, who is the representative of HRT employees. Aside from defending Stankovic, Sever also said that in its news ***programmes***, notably regarding the coverage of the recent verdict of the UN war crimes tribunal for the former Yugoslavia against six Bosnian Croat military and political leaders, the public broadcaster had violated some of the rules of an independent public broadcaster.The Croatian Journalists Association (HND), too, recently condemned the HRT's distancing itself from Stankovic.Minister announces compensation for minimum wage increaseZAGREB, Dec 5 (Hina) - Minister of Economy, Entrepreneurship and CraftsMartina Dalicon Tuesday announcedthat at its next meeting, in addition to increasing the minimum wage, the government would adopt measures that should compensate for any possible negative impact on industrial competitiveness."Unlike all the years untilnow... in the context of the change in the minimum wage, on Thursday the government will consider and adopt some other measures that will compensate for anypossible unfavourable impact on industrial competitiveness," Dalic told reporters on the margins of a conference on interest rates organised by the Jutrarnji List daily, Croatian Banking Associationand Croatian Employers' Association.She also announced that the employment quota for foreign workers would be increased and that the Finance Ministry would amend regulations on income tax in order to facilitate those providing accommodation and meals for seasonal workers as well as adopt some other measures."We think that such measures and such anapproachproperly balance attempts to help, thoseworkers who indeed are paid the minimum wage, inthe textile, leather andmetal processing industries by increasing the minimum wage, while at the same timepreserving their employers' competitiveness and tackling oneof the vital problems facing the economy - ashort-term labour shortage," Dalic underscored.The ***planned*** increase in the minimum wage will be the second increase following last year's, and it will mean a total increase of close to10%, said Dalic."The minimum wage truly is low, even though the share of the minimum wage in the average wagein Croatia is above the ratio in comparable countriesand as such represents a measure of burden of the minimum wage oncompetitiveness. That is the reason in fact why we will adopt some compensatory measures regarding the cost of contributions for health insurance," she said."All this is so that employers can do business better and more efficiently, take on more work and then pay higher wages," she concluded.The government recently announced that it would raise the gross minimum wage from HRK 3,276 to HRK 3,439.90, which means that the minimum net wage would amount to HRK 2,752.In 2018 the employment quota for foreign workers will be increased from 9,000 to 31,000.Pensioners urge PM to protect them against povertyZAGREB, Dec 5 (Hina) - The Croatian Pensioners' Union (SUH) on Tuesday sent an open letter to Prime Minister Andrej Plenkovic appealing to him to protect them against poverty by raising the minimum pension to 50% of the gross minimum wage and putting in place a more favourable pension indexation model.SUH underscored that Plenkovic had indicated in words and actions that there was enough for everyone except for poor pensioners and the elderly and which groups were the focus of his interest, seeing that specially regulated pensions have increased by 10%, which is an increase of HRK 1,250 for parliamentarians and HRK 2,500 for pensioners with the highest pensions.The government has overlooked 600,000 pensioners under the poverty lineSUH recalled that at the beginning of the year the government had increased only the pensions above HRK 6,300 while 600,000 pensioners whose pensions were under the poverty linewere overlooked once again.The government also increased and expanded veterans' rights, many of whom are living off welfare benefits but at the same time the government lowered their age of eligibility for a pension and adopted several new benefits without any transparency and "once again forgot those who built the factories, schools, roads...everything that veterans hadthe honour to defend," SUH said.The government readily agreed to increase pension allowances for 6,800 members of the Croatian Defence Council (HVO)in Bosnia and Herzegovina because of a promise to one lawmaker for his vote of support because they too are more important than poor Croatian pensioners, SUH said in its letter to the prime minister.Demand for minimum pension at 50% of gross minimum wage ignoredThe union welcomes the decision to increase the gross minimum wage by 5% but warned that demands by pensioners to introduce a minimum pension of 50% of the gross minimum wage had been ignored. "With the announcement that their pensions will increase by a mere 2%, they have been left to continue collecting bottles and livingin poverty," SUH claimed.They recalled that the prime minister incorrectly referred to this as an increase as this in fact was a regular indexation of pensions which too was a bad legislative solution and has led to pensions falling to 36% of the average net pay, the lowest in the European Union, SUH warned."Youare aware of the poverty of the elderly, those who make ends meet by collecting bottles from dumpsters, yet this yearyou opened a soup kitchen in Mostar and not Zagreb," SUH recalled."You either do not see or hear them or you do not recognise them as your voting machine because you would at least have rewarded them symbolically with a Christmas bonus," the pensioners' union said in its letter to the prime minister.Labour minister says minimum wage to go up 5%ZAGREB, Dec5(Hina) - Labour Minister Marko Pavic said on Tuesday the minimum wage would be raised by 5%, or HRK 131 net, and thatemployers who paid minimum wages over the past 12 months would have the bases for the calculation of contributions cut by 50%.In that way, a worker willget a higher salary, while an employer's total expenses willbe HRK 141 lower, he told reporters.The government will endorse the whole package of breaks on Thursday and they will enterinto force on January 1, Pavic said, adding that the package included many other breaks for employers and that it was praised by employers and unions, to whom it was presented together with quotas and project ideas for the activation of Croatia's workforce.They believe that, althoughsmall, it is nonetheless a step forward, increasing the price of labour on the one hand and protecting labour-intensive industries that pay minimum wages on the other, given thatincreasing their labour costs would result in layoffs, Pavic said.At a meeting with unions and employers it has been agreed that this is just the first step. A working group will be formed in January and will draw up a comprehensive minimum wage billby September.Pavic said that for the first time the government was simultaneously increasing the minimum wage andadopting measures togivelabour-intensive industries fiscal breaks.Labour minister opens European Social Fund conferenceZAGREB, Dec 5(Hina) - Labour and Pension System Minister Marko Pavic on Tuesday opened the "European Social Fund - Strength of Development" conference on the occasion of the Fund's 60th anniversary in the European Union and the 10thof its activityin Croatia.The ESF's purpose is to reducethe differences in living standards through the promotion of economic and social cohesion, and it is essential for development in employment, social inclusion, education and good governance, it was said.The Croatian government sees the ESF as a follower of key reforms in Croatian society -of the labour market, education, public administration and the justice system -as well as of the development of civil society, which we see as a partner in the whole process, and of the social partners with whom we communicate and cooperate on every project, said Pavic.The ESF is an effective instrument in combating the structural problems of unemployment and the labour market. It follows the whole education reform, from kindergarten to doctorate, and is important for the whole system, he said.With EUR 1.85 billioninvested in Croatia, the ESF is essentialfor the social integration of citizens and the enhancement of education, public administration, civil society development and the many other things it finances, Pavic said.Of that amount, EUR 616 million is forprojects facilitating youth employment, nearly HRK 386 million is intended for improvingwelfare and health care, EUR 530 million is intended for education and EUR 266 million for strengthening public administration capacities, he added.Many new calls for bids, totalling HRK 2 billion,have been advertised this year, he said, adding that the government was especially proud of the "Zazeli" (Make a Wish) ***programme*** for the employment of women.This shows the ESF's essence, as there are 58% of jobless women, notably in rural areas, and over HRK 400 million will be set aside for employing themthere to care for over 16,000 households with elderly people, Pavic said.He recalled that in the past six years youth unemployment had fallen from nearly 50% to 26.1%, saying that although this was due in part to emigration, the situation had nonetheless improved thanks to hiring and that the ESF was one of the key tools for dealing with that problem.HBOR, EIB sign EUR 100m loan agreementZAGREB, Dec5(Hina) - The Croatian Bank for Reconstruction and Development (HBOR) and the European Investment Bank (EIB) on Tuesday signed a EUR 100 million loan agreement for the financing ofmidcap companiesand other priorities in Croatia.The agreement was signed by EIB vice president Dario Scannapieco and HBOR Board chair Tamara Perko.Perko said HBOR andEIBstarted cooperating in 2001,since when 19 agreements totalling EUR 2.6 billion have been signed,enablingHBOR to finance over 3,500 projects in Croatia.The latest agreement will serve to finance companies with 250 to 3,000 employees, with 70% of the funding intendedfor tourism, manufacturing and services and the rest for infrastructure andenergy efficiency and renewablesprojects, Perko said.The investments are intended both for the private and the public sector. "Such investments are much needed for the development of the economy, increasing competitiveness and job creation," she said.Scannapieco said EIB-HBOR cooperation was excellent, recalling that a EUR 250 million agreement for small and medium-sized companies was signed a few weeks ago.Last year, EIB signed financing agreements worth EUR 530 million in Croatia.EIBhas agreed to provide credit lines for a total value of EUR 220m to four Croatian banks, the bank said in a press release on Tuesday. Aside from the one with HBOR, agreements were signed todaywith Privredna Banka Zagreb (EUR 60m), Zagrebacka Banka (EUR 40m) and Hrvatska Postanska Banka (EUR 20m).They are intended for the financing of smaller-scale projects with long-term impact, mainly by SMEs,midcapsand municipalities, as well as energy efficiency initiatives.HPB, EIB sign EUR 20 mln loan for enterprise financingZAGREB, Dec5(Hina) - The European Investment Bank (EIB) and the Croatian Postal Bank (HPB) on Tuesday signed a long term loan agreement worth EUR 20 million, intended for the financing of enterprise projects, the HPB said in a press release.The credit lineis intended for small and medium-size enterprises -- companies with up to 250 employees, as well as mid-cap companies with between 250 and 3,000 employees. Loans are meant for investments and working capital. The loans are to be paid off in ten years, with a three-year grace period.The agreement was signed by EIB vice presidentDario Scannapieco and HPB management board president Tomislav Vuic.This is the first EIB loan to HPB.Finance Ministry issues HRK 675 million in new treasury bond, reduces overall debtZAGREB, December 5, 2017 (Hina) - The Finance Ministryissued a treasury bill on Tuesday worth HRK 675 million, which is in line with the ***plans*** and which should helpreduce Croatia's overall debts.The billworth HRK 675 million euros was put on auction, whereas banks and other financial institutions made offers in the amount of HRK 2.2billion.The sold treasury bill has a maturity of 365 days and anaverage interest of 0.2%.The next auction will be held on 2 January 2018, the ministry said.Funding for rural development to be expended before 2020ZAGREB, Dec 5 (Hina) -***Agriculture*** Minister Tomislav Tolusic said in the eastern Croatian city of Osijek on Tuesdaythat 2.4 billion euros fromthe EU Rural Development ***Programme*** intended for Croatiawould be expended before 2020, with a 100% absorption rate.Addressing a conference organised by the Lider business weekly and hisministry, Tolusic said that Croatia wasin a paradoxical situation because its high output of several products, did not make it self-sufficient yet a significant portion of the production wasexported.He assessed that the Rural Development ***Programme*** can do a lot and explainedthat calls for projects have been advertised for more than 50% of the 2.4 billion euro. Contracts have already been signed for 30% of that money and 15% has been paid out, he said."With new, easier procedures in calls for projects and faster absorption of funding, I can promise farmers that we will expend that money much sooner than the end of 2020 and we will have a 100% absorption rate of those EU funds," he said.Tolusic believes that in addition to the relevant legislative framework, it is necessary for ***producers*** to join togetherbecause a serious approach by family farms will not be possible without that.He added that the majority of laws important for farmers would be adopted this year if they already had not, such as the laws on unfair trade practices, farmland, family farms, andseafisheries and aquaculture."We want Croatia's ***agriculture*** to be self-sufficient, at least in those areas where it can, such as fruit and vegetable growing,and to be competitive on other European markets," he underscored.Lider editor-in-chief Miodrag Sajatovic said that the conference was aimed at showing that it was possible to connect domestic production with the food processingindustry."Considering that the strategy for Croatia's development until 2030 has to be completedin the next two years, conferences like this can serve to show how the interests of farmers and Slavonia can be included in that strategy," he added.Croatia has to prepare for end of low interest rates period through reformsZAGREB, Dec5(Hina) - There are many signals that the time of low interest rates in the world is about to end, and Croatia can prepare itself for that through reforms, although there is also room for ensuring low interest rates for a while longer, Economy Minister Martina Dalic said on Tuesday.Speaking at a conference on the time of low interest rates organised by Jutarnji List daily, the Croatian Banking Association and the Croatian Employers Association, Dalic said she could not predict the pace at which interest rates would go up but that the government, by pursuing fiscal consolidation and an economic policy focused on stable growth, could prepare for that in a better way."In order to maintain economic stability and strengthen the economy's resilience to the shocks which will certainly come, it's essential to implement reforms which will make market mechanisms more efficient and productive," Dalic said.Asked about the possibility of a further reduction of interest rates in Croatia, she said Croatia still paid higher spreads and risk premiums than comparable countries, and that relatively low interest rates couldbe maintained by reducing the domestic economy's riskiness.Croatia will also change during the process of joining the euro area, but the speed of accession will be defined by the speed of structural changes and reforms, it was said.Central bank governor Boris Vujcic too said it was very difficult to predict interest rate trends, both domestically and internationally, and that he would not be surprised either if interest rates remained relatively low for quite some time or if they were to increasequickly.He said Croatia has to prepare for the rise in interest rates. "Croatia certainly has room to reduce the risk premiums for the government and, by raising the GDP growth rate, to cushion every normal, gradual interest rate increase. Even if they do start rising, Croatia can cushion that. But, through reforms, it has to raise the GDP growthrate, continue with fiscal consolidation, reducingthe public debt to GDP ratio."The lower the debt, the weaker the negative impact of interest rate growth on a country, Vujcic said, adding that Croatia's accession to the euro area would reduce interest rates and risk premiums.JANAF wants to strengthen position on Mediterranean oil spot marketZAGREB, Dec5(Hina) - Croatia's JANAF oil transport company wants to strengthen its position on the Mediterranean spot orprompt delivery market, Board chairman Dragan Kovacevic said at an international JANAF energy and oil conference on Tuesday.He said the company had the reputation of a safe supply point on the Mediterranean and that after major investments in the Omisalj terminal, it wanted to bring to the Omisalj port the nearly ***strategic*** dimension of the Mediterranean oil spot market, which would be a big step forward in the Croatian economy.Kovacevic said JANAF was a successful business system which completed a five-year investment cycle during which all of its goals were achieved. He said JANAF was an efficiently-runjoint stock company in which the state was the majority owner and which had the bestfinancial results in the country, betterthan any private company.He predicted that the price of oil would go up. This will impact the economic policy and the prices of other goods and services, it was said. If prices continue to rise, something should be done about the tax policy so that the end user does not bear the brunt, Kovacevic said.Energy Minister Tomislav Coric said Croatia must exploit its energy resources in order toincrease the share of domestic oil in meeting the requirements, which is currently at 20% or 600,000 tonnes. He said amendments to the law on the exploration and exploitation of hydrocarbons and a new energy strategy were expected to contribute to that, adding that JANAF had a very important role in that.State Assets Minister and JANAF Assembly chair Goran Maric said JANAF was an example of how a state-owned company could be efficient and successful. "It shows thatmanagement and staff are more important than the form of ownership," he said, adding that there was no ***plan*** to privatise JANAF.Asked about the state of privatisation processes, he said the government approached privatisation "systematically and most seriously". He said only four state-owned hotel companies remained and that their salewasexpected to bring over HRK 500 million thanks to 88 quality bidders.By March, privatisation revenues are expected to exceed HRK 1.5 billion, Maric said.SDP proposes set of bills for a more just wage policyZAGREB, Dec5(Hina) - Social Democratic Party (SDP) leader Davor Bernardic said on Tuesday that his party would submit to the parliament a set of amendments "for a fair wage policy in Croatia", concerning laws on the minimum wage, public sector wagesand wage transparency.Bernardic said that amendments to the Minimum Wage Act, which refers to around 70,000 workers, would ensure fairer and higher wages "for those who work for peanutsand cannot feed their families".Over the past year, 50,000 people have left Croatia for a wage only 500 euros higher than their Croatian wage, Bernardic warned, stressing that this should be stopped if Croatia did not want to die out.He said the main problems prompting people to emigratein large numbers were low salaries, precarious work and unemployment.Seventy percent of workers in Croatia earn a monthly salary of between HRK 3,000 and 5,000, he said, adding that that was not enough for a life in dignity.The minimum wage has remained at 40% of the average salary again this year, he said, noting that his party's bills envisaged a gradual increase in the minimum wage to 60% of the average salary until 2021.Bernardic criticised the government's announcement of an increase in the minimum wage, saying that it was treating it as alms before Christmas and that instead of that, the minimum wage should be increased systematically, by 5% annually over the next four-year period.He called on the government to support the SDP's proposal for increasing the minimum wage, noting that the party's amendments to the Public Sector Wages Act was aimed at encouraging excellence and introducing clear and transparent evaluation criteria in order to motivate public servants.The party's wage transparencybill is aimed at ensuring good coverage of workers by collective agreements, which is rare today, he said, adding that the bill was also geared towards removing differences in salaries earned by men and women doing the same job.Answering a reporter's question, Bernardic said that the SDP was ready for elections and for cooperation with the Bridge opposition party."Byleaving the government which covered up crime in Agrokor, Bridge has shown that it puts Croatia's interests before personal interests. Unlike the HDZ," he said.Asked to comment on theannounced removal of a bust ofWorld War II hero Ivo Lola Ribar, which was recently reinstalled in Zagreb by Mayor Milan Bandic after having been removed in the early 1990s and is now again to be removed at the request of the Independents for Croatia party in the Zagreb City Assembly, Bernardic said that one should not playwith anti-fascism.Asked to elaborate on his position that Prime Minister Andrej Plenkovic should be arrested, Bernardic said that his words were being taken out of the context."You have anunrealised politicaltrade-off for which (former Social Democrat mayor of Vukovar) Zeljko Sabo was punished and a realised political trade-off, which has not been punished. Weonly want laws and the judiciary in Croatia to treateveryone equally," Bernardic said in reference to last week's news conference by Peasant Party (HSS) leader Kreso Beljak and SDP official Mihael Zmajlovic, who accused the HDZ of a political trade-off and announced filingcriminal reports after Jasminka Matausic, an HSS deputy in the Zagreb County Assembly left the party and sided as an independent deputy with the HDZ, whereby the SDP and the HSS lost the majority in the county assembly.The HDZ said the newly formed majority in the Zagreb County Assembly had submitted a request for the replacement of Zmajlovic as County Assembly chair, supporting its request with a list of signatures of 26 of the total of 51 deputies.Bridge MP says his party prefers actions over words, SDP hasn't shown manyZAGREB, Dec 5(Hina) - The political secretary of the opposition Bridge party, Nikola Grmoja, on Tuesday commented for Hina on the Social Democratic Party's (SDP) announcement of possible cooperation with Bridge, saying that Bridge preferred actions overwords and that the SDP had not shown many actions so far.Asked whether cooperation was possible after the next parliamentary elections considering the history of therelationship between the two parties, Grmoja said that Bridge was not governed by the history of its relationshipwith other parties because if it was, it could not cooperate with anyone.Grmoja thinks that the SDP's opening the door to cooperation with Bridge is logical given that the sum of ratings of opposition parties shows that thenumber of seats they could win in the parliament is much higher than the number the ruling HDZ party could win."It is clear to everyone, and that is what my colleagues (Davor) Bernardic and (Kreso) Beljak want to emphasise, that the HDZ has almost no coalition potential," said Grmoja.As for possible cooperation, it is not in our focus at all, we are working on concrete initiatives and bills, he said.We recently submitted a bill envisaging a state audit of operations of the Croatian National Bank and it was turned down by both the HDZ and the SDP,said the Bridge MP.He recalled that Bridge had so far participated in national and local elections on its own, and that it would continue to do so in the future as anything else would mean a betrayal of voters.For real changes to happen a political party like Bridge needs to win 30 or more seats in the parliament. The rating of the HDZ and the SDP has been falling while other political parties' ratings havebeen growing and now the Human Shieldand Bridge together enjoy the support of some 20% of the electorate, said Grmoja.IDS, GLAS and Pametno confirm talks on possible cooperationZAGREB, Dec 5 (Hina) - The leaders of the Istrian Democratic Party (IDS), the Civic Alliance (GLAS) and Pametno (Smart) confirmed to Hina on Tuesday that they had discussed cooperation given that they shared the same liberal platform.The three parties' leaders met on the margins of a conference of the Alliance of Liberals and Democrats for Europe (ALDE) in Amsterdam at the weekend, which prompted Croatian media to call a possible liberal coalition the Amsterdam bloc. GLAS and Pametno were admitted as members of ALDE, of which the IDS is already a member."The IDS maintains good relations with all relevant liberal left-of-centre parties. Now that GLAS and Pametno have been admitted to ALDE, I believe there will be more opportunities to discuss different issues," IDS leader Boris Miletic told Hina when asked if they had discussed forming a pre-election liberal coalition.These were the first, preliminary talks between parties that have a lot of similarities, but this does not mean that the IDS is undermining its relationship with the Social Democratic Party (SDP), he added."What is certain is that Croatia needs a strong left-liberal bloc that can oppose conservative ideas seeking to limit basic human and civil rights," Miletic said. "In that regard, we are absolutely ready to discuss cooperation. However, at this point the priority is for the left to return to its own topics and to be united in the fight against radical and ultraconservative initiatives that are hampering the development of our society," he added.GLAS leader Anka Mrak Taritas said: "We discussed a possibility for parties that consistently represent liberal values in Croatia, and those are definitely GLAS, Pametno and IDS, to come together. Our priority is to fill in the vacated and fragmented space of the liberal civic centre."She said this would be further discussed at the Liberal Forum in Zagreb on December 9.Mrak Taritas noted that they had received "strong political support for their joint project" from ALDE president Hans van Baalen. "I hope this cooperation could materialise in the coming election cycles in Croatia. The atmosphere among the parties is good, and it is up to usto continue building mutual trust and a political platform that will offer concrete solutions to the citizens of Croatia," she told Hina.Pametno leader Marijana Puljak said they had discussed the situation in Croatia and their views of the future. "As for Pametno, we are always interested in cooperating with groups that share our thinking and the values of modern liberal democracies," she said, citing personal, political and civil rights and freedoms, equality and equal rights for all citizens, protecting the rights of minorities, freedomof enterprise and the market economy, the right to work, anti-fascism, and secularism."If we achieve cooperation, we expect support from all people who support these values and who see Croatia as a modern, civil, tolerant, forward-looking country," Puljak said, adding that Van Baalen expressed support for "a project that would strengthen the ideas and values advocated by ALDE in Croatia."ALDE comprises 60 liberal parties at national level across Europe and holds 68 seats in the 751-seat European Parliament.Legislation committee for ratification of two Croatia-Bosnia agreementsZAGREB, Dec5(Hina) - The Legislation Committee proposed to Parliament on Tuesday to ratify agreements on European partnership and on mutual protection of classified information signed by the Croatian government and the Bosnia and Herzegovina Council of Ministers in July 2017.The draft laws on the ratification of the agreements were endorsed by the Legislation Committee without a debate and forwardedto Parliament for adoption.The European Partnership Agreement sets up the necessaryinternational and legal framework for cooperation between Croatia and Bosnia and Herzegovina in the process of Bosnia and Herzegovina's joining the European Union.The cooperation is aimed at helping and facilitating Bosnia and Herzegovina's bid to jointhe bloc, through the transfer of specific knowledge and experience Croatia gained in the European integration process.This is a standardagreement similar to those Croatia had already signed with some countries in the region, a government representative said.Biljana Borzan named EP rapporteur on dual quality productsZAGREB, Dec 5 (Hina) - Croatian MEP Biljana Borzan of the Social Democratic Party (SDP) has been appointedEP rapporteur for dual quality products in the West and the East of the EU and will be the main author of the European Parliament's first document on that topic, Borzan's office said in a press release.In the press release, Borzan said that her proposal was adopted and the European Parliament would finally voice its opinion about this issue. Her colleague from the Czech Republic Olga Sehnalova will be in charge of non-food products in the document.According to a survey that Borzan conductedtogether with the Croatian Food Agency, more than 70% of Croatian citizens believe that multinational corporations treat Croatians as second class citizens. "My research showed that products of a lesser quality are placed on the Croatian market and are even more expensive. Our efforts have paid off and today the European Parliament is starting to draw up its official position," Borzan said.EU foreign ministers meet with US secretary of stateZAGREB, Dec5(Hina) - The EU-28 foreign ministers convenedin Brussels on Tuesday for an informal, extraordinary meeting to talk with US Secretary of State Rex Tillerson.Croatian Foreign Minister Marija Pejcinovic Buric said they talked aboutglobal challenges such as Iran and North Korea and theirnuclear ***programmes***, the Middle East, relations with Russia, and the situation in Ukraine and Southeast Europe.The United States and the European Union agree on the threat posed by North Korea, but there are somedifferences inthe approach towards the Middle East and Iran. The EU strongly defends the Iran nuclear ***programme*** agreement, which US President Donald Trump brings into question.The US has also announced that it will recognise Jerusalem as Israel's capital, with which the EUdisagrees.EU High Representativefor Foreign Affairs and Security PolicyFederica Mogherinihas said that any move that would disrupt the peace process in the Middle East should be avoided and that Jerusalem's status should be solved through negotiationas a future capital of two states.Pejcinovic Buric said this issue was not discussed in detail.Slovenia insists on implementing border arbitration rulingZAGREB, Dec 5 (Hina) - Slovenia insists on the view that the arbitration ruling on its border dispute with Croatia is "final and binding on both parties" and needs to be implemented, the Slovenian prime minister's office said in a statement on Tuesday.The statement, carried by STA news agency, was prompted by an article in the Zagreb newspaper Vecernji List of Tuesday saying thatthe differences between the two countries could be resolved through bilateral dialogue.Vecernji List said that Slovenian Prime Minister Miro Cerar, unlike Foreign Minister Karl Erjavec, did not rule out a possibility that the arbitration solution could be incorporated into a bilateral agreement between the two countries.According to the newspaper, Cerar wants to resolve the dispute by spring in order to avoid it becoming a central issue in his campaign for parliamentary elections, scheduled for mid-2018. On the other hand, Erjavec, whose party is an unavoidable member of the Cerar coalition government, insists on unconditional implementation of the arbitration ruling, as indicated by his statements in which he opposed further dialogue with Croatian Prime Minister Andrej Plenkovic unless Croatia recognised the arbitration ruling.The statement from the Slovenian prime minister's office said that Cerar had sent a letter to Plenkovic in mid-October suggesting topics for their possible meeting and proposing setting up a joint commission for land border demarcation.The letter proposed further steps to implement the ruling and presented the view that the maritime border was precisely determined by the arbitration ruling, which enables its immediate implementation, the statement said.The two countries should primarily concentrate on the implementation of the ruling concerning the land border, and the best way to do it would be to form a demarcation commission and study practical solutions at the border where necessary, it added.The Slovenian prime minister is trying to ensure that the arbitration ruling is implemented in agreement with Croatia and is ready for further dialogue with the Croatian prime minister in that regard, the statement said, adding that Cerar has welcomed assistance to that effect offered by the European Commission.Cerar says wants dialogue with Croatia, but Zagreb not yet ready for cooperationZAGREB, Dec 5 (Hina) - Slovenian Prime Minister Miro Cerar said on Tuesday he would like the dialogue with Croatia on the border arbitration ruling to end, but Croatia was not cooperative enough."I would like this to end with a positive result and with the implementation of the arbitration ruling, and I am doing my best in that regard, but the Croatian side is not cooperative for now," Cerar told the press during a visit to the Zasavje region.Commenting on relations with Croatia and the dialogue he had begun with Croatian Prime Minister Andrej Plenkovic, Cerar said that the border issue was putting a strain on the relationship between the two countries.The Slovenian prime minister expressed hope a positive result would be achieved through dialogue and stressed that Slovenia would insist on the arbitration ruling being implemented. He said he expected assistance from the European Commission in that regard.Carar said that any agreement with Croatia should not constitute a major departure from the arbitration ruling because that would be against the law and against Slovenia's interests. Details should be agreed upon bilaterally in the field as provided for under the arbitration ruling, he said.Four former Bosnian Serb army members indicted for killing 28 Bosniaks and CroatsZAGREB, Dec5(Hina) - The Bosnia and Herzegovina State Prosecutor's Office on Tuesday indicted four former members of the Bosnian Serb army for war crimes against Croat and Bosniak civilians in Donji Vakuf in 1995.The four indicted men areBranko Cigoja (44), Zeljko Todic(54), Sasa Boskic(45) andMilorad Glamocak (53), all from Mrkonjic Grad.The four former members of aBosnian Serb Army reconnaissance platoon, stationed in Donji Vakuf, violated the Geneva Convention on the protection of civilians during the war.According to the indictment, in September 1995, the four men took a total of 28 POWs out from a makeshiftdetention camp in the village of Oborci where Bosniak and Croat civilians were detained, whom they previously tortured and then shot them in the back. Only one POW survived the shooting.In other news:PM visits Dubrovnik on Veterans DayZAGREB, Dec 5 (Hina) - Prime Minister Andrej Plenkovic visited Dubrovnik on Tuesday to mark the Dubrovnik Veterans Day, and on that occasion laid a wreath and lit a candle at the cross on Srdj hill above the city in memory of defenders killed in the Homeland War and later met with veterans associations.Plenkovic underscored that Dubrovnik's veterans defended the city, southern Croatia and Croatian freedom during the most difficult times in 1991."A few days ago we adopted a new law in parliament on veterans rights. I believe that is a very strong and very firm message from the government that we want to regulate all rights in a comprehensive, long-term and financially sustainable way. With it, we sent a message about the dignity of the Homeland War and lasting respect for those who gave the most for Croatia," he said.He later met with County Prefect Nikola Dobroslavic and Mayor Mato Frankovic and other mayors in the county to discuss development of southern Croatia and discussed key development projects and better transport connectivity by resolving the issues of the border crossing and the Peljesac Bridge.Croatia Airlines flies 2 millionth passenger in a year for the first timeZAGREB, Dec5(Hina) - Croatia Airlines flewthis year'stwo millionth passenger on Tuesday for the first time since it began operating in May 1991, the company said, adding that passenger turnover this year increased 10% in comparison with 2016, with 11% more passengers on international flights and 7% more on domestic flights.The passenger turnover increase is also a result of four new seasonal flights introduced in May, from Zagreb to Stockholm, Oslo, Helsinki and Bucharest. The seasonal flights to Lisbon, Milan, Prague andSaint Petersburg introduced in 2016 continued during this year'ssummer tourist season, while seasonal flights to Barcelona and Lisbon have been extended for the coming winter owing to high interest.Croatia Airlines flew this year's millionth passenger in early July, the earliest time in a year in the company's history. It is estimated that the company will have flown over 2.1 million passengers this year.ZSE indices downZAGREB, Dec 5 (Hina) - The main Zagreb Stock Exchange (ZSE) indices fell on Tuesday, the Crobex by 0.62% to 1,856.19 points and the Crobex10 by 0.57% to 1,086.56 points.Regular turnover was HRK 11.3 million, or 3.5 million higher than on Monday.The higher turnover was primarily due to intensified trading in shares of the HT telecommunications company, which turned over HRK 4.2 million. Their price was almost the same as on Monday -- HRK 166.33 per share.The preferred stock of the Adris insurance and tourism group and the ordinary stock of the Atlantska Plovidba shipping company each turned over nearly HRK 2 million. The price of the Adris stock fell by 0.68% to HRK 434.01 and that of the Atlantska Plovidba stock closed down 4.11% at HRK 618.No other stock turned over more than a million kuna. The Atlantic foodgroup came close with a turnover of HRK 922,800. The price of its stock rose by 0.24% to HRK 838.(EUR 1 = HRK 7.551050)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HOURS WEDNESDAY. (Hina) vm Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulićev trg 1610 000 ZagrebCroatia web:[*www.hina.hr*](http://www.hina.hr) mail: [*hina@hina.hr*](mailto:hina@hina.hr) phone: (+385 1) 48 08 660; fax (+385 1) 48 08 822 Publisher: Branka Gabriela Valentić, DirectorEditor in Chief: Serđo Obratov Bulletin Editor: Marija Šestan

ZAGREB, Dec5(Hina) -Euro-Atlantic integration is the only guarantee of stability and prosperity for Southeast Europe and it is important to recognise that future enlargement will further consolidate the European Union rather than just make it larger, Croatian President Kolinda Grabar-Kitarovic has said in her speech at the Tufts University in Boston, as part of her working visit to the United States.

ZAGREB, Dec 5 (Hina) - Croatian Prime Minister Andrej Plenkovic said on Tuesday it was not possible for former Bosniak prisoners of war to sue Croatia and be compensated for being held in Bosnian Croat-run detention centres, expressing regret for all victims of the 1992-1995 war in Bosnia and Herzegovina.

ZAGREB, Dec5(Hina) - A discussion on a law on special taxes on motor vehicles was interrupted in the Croatian parliament on Tuesday by an exchange of barbs over last week's verdict by the UN war crimes tribunal for the former Yugoslavia against six former Bosnian Croatmilitary and political leaders, the status of Croats in Bosnia and Herzegovina and Prime Minister Andrej Plenkovic's visit to Mostar, after Bridge MPBozo Petrov requested a break on that topic.

ZAGREB, Dec5(Hina) - The Napredak Croatian Cultural Society in Bosnia and Herzegovina (BiH) said on Tuesday the Hague war crimes tribunal's verdict against six former Bosnian Croat leaders was unjust, and remindedeveryone in BiH and Croatia that, whatever anyone thought of the verdict, it did not impact reconciliation and the relations between the nations orthe building of a joint future.

ZAGREB, Dec 5 (Hina) -Reflecting on wartime events in light of the judgement against six Bosnian Croats, the director of the Split General Hospital, Mihovil Biocic, said that at the height of the conflicts between HVO Croatian defence forces and the Army of Bosnia and Herzegovina, the hospital treated as many as 200 wounded Croats and Bosniaks on a daily basisand recalled that the then president of Bosnia and Herzegovina, Alija Izetbegovic granted the hospital a certificate of acknowledgement for all it did for Bosniaks.

ZAGREB, Dec 5 (Hina) - Minister of Economy, Entrepreneurship and CraftsMartina Dalicon Tuesday announcedthat at its next meeting, in addition to increasing the minimum wage, the government would adopt measures that should compensate for any possible negative impact on industrial competitiveness.

ZAGREB, Dec 5 (Hina) - The Croatian Pensioners' Union (SUH) on Tuesday sent an open letter to Prime Minister Andrej Plenkovic appealing to him to protect them against poverty by raising the minimum pension to 50% of the gross minimum wage and putting in place a more favourable pension indexation model.

ZAGREB, Dec5(Hina) - Labour Minister Marko Pavic said on Tuesday the minimum wage would be raised by 5%, or HRK 131 net, and thatemployers who paid minimum wages over the past 12 months would have the bases for the calculation of contributions cut by 50%.

ZAGREB, Dec5(Hina) - The Croatian Bank for Reconstruction and Development (HBOR) and the European Investment Bank (EIB) on Tuesday signed a EUR 100 million loan agreement for the financing ofmidcap companiesand other priorities in Croatia.

ZAGREB, Dec5(Hina) - The European Investment Bank (EIB) and the Croatian Postal Bank (HPB) on Tuesday signed a long term loan agreement worth EUR 20 million, intended for the financing of enterprise projects, the HPB said in a press release.

ZAGREB, December 5, 2017 (Hina) - The Finance Ministryissued a treasury bill on Tuesday worth HRK 675 million, which is in line with the ***plans*** and which should helpreduce Croatia's overall debts.

ZAGREB, Dec 5 (Hina) -***Agriculture*** Minister Tomislav Tolusic said in the eastern Croatian city of Osijek on Tuesdaythat 2.4 billion euros fromthe EU Rural Development ***Programme*** intended for Croatiawould be expended before 2020, with a 100% absorption rate.

ZAGREB, Dec5(Hina) - There are many signals that the time of low interest rates in the world is about to end, and Croatia can prepare itself for that through reforms, although there is also room for ensuring low interest rates for a while longer, Economy Minister Martina Dalic said on Tuesday.

ZAGREB, Dec5(Hina) - Croatia's JANAF oil transport company wants to strengthen its position on the Mediterranean spot orprompt delivery market, Board chairman Dragan Kovacevic said at an international JANAF energy and oil conference on Tuesday.

ZAGREB, Dec5(Hina) - Social Democratic Party (SDP) leader Davor Bernardic said on Tuesday that his party would submit to the parliament a set of amendments "for a fair wage policy in Croatia", concerning laws on the minimum wage, public sector wagesand wage transparency.

ZAGREB, Dec 5(Hina) - The political secretary of the opposition Bridge party, Nikola Grmoja, on Tuesday commented for Hina on the Social Democratic Party's (SDP) announcement of possible cooperation with Bridge, saying that Bridge preferred actions overwords and that the SDP had not shown many actions so far.

ZAGREB, Dec5(Hina) - The Legislation Committee proposed to Parliament on Tuesday to ratify agreements on European partnership and on mutual protection of classified information signed by the Croatian government and the Bosnia and Herzegovina Council of Ministers in July 2017.

ZAGREB, Dec 5 (Hina) - Croatian MEP Biljana Borzan of the Social Democratic Party (SDP) has been appointedEP rapporteur for dual quality products in the West and the East of the EU and will be the main author of the European Parliament's first document on that topic, Borzan's office said in a press release.

ZAGREB, Dec 5 (Hina) - Slovenia insists on the view that the arbitration ruling on its border dispute with Croatia is "final and binding on both parties" and needs to be implemented, the Slovenian prime minister's office said in a statement on Tuesday.

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Plenkovic underscored that Dubrovnik's veterans defended the city, southern Croatia and Croatian freedom during the most difficult times in 1991.

"A few days ago we adopted a new law in parliament on veterans rights. I believe that is a very strong and very firm message from the government that we want to regulate all rights in a comprehensive, long-term and financially sustainable way. With it, we sent a message about the dignity of the Homeland War and lasting respect for those who gave the most for Croatia," he said.

He later met with County Prefect Nikola Dobroslavic and Mayor Mato Frankovic and other mayors in the county to discuss development of southern Croatia and discussed key development projects and better transport connectivity by resolving the issues of the border crossing and the Peljesac Bridge.

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**Body**

Brussels: European Commission has issued the following news release:

African Union - European Union Summit: Investing in Youth for a Sustainable Future

The 5th African Union - European Union Summit took place on 29-30 November in Abidjan, under the overarching theme of Youth. The Summit brought together leaders from 55 African Union and 28 European Union Member States. On the occasion, President Juncker said: 'We spoke a lot about young people during this summit. Already today, the majority of African citizens are under 25 years old, and by the middle of this century, one in four people on earth will be African. But this demographic dividend cannot deliver without smart investments.

This is precisely why we are going to put our investments in education, in infrastructure, in peace and security, as well as in good governance – all of which will in turn inspire good business environments and create much needed jobs and growth.' Read the President's full remarks here. In their political declaration the European and African leaders set out their joint commitment to invest in youth for a sustainable future. Concretely, they committed to focussing their work on four ***strategic*** priorities: 1. Mobilising investments for African structural and sustainable transformation; 2. Investing in people through education, science, technology and skills development; 3. Strengthening Resilience, Peace, security and governance; 4. Managing mobility and migration. The EU was represented by the President of the European Commission Jean-Claude Juncker and the President of the Council of the EU Donald Tusk, joined by the HR/VP Federica Mogherini, Vice President responsible for the EU's Digital Single Market Andrus Ansip and Commissioner for International Cooperation and Development Neven Mimica. The African Union was represented by the President of the African Union Alpha Condé and the Chairperson of the African Union Commission, Moussa Faki Mahamat. The full press release, the Joint statement of the United Nations, the African Union and the European Union. The Political Declaration and the Joint Statement on the Migration Situation in Libya will be available soon. Photo coverage of the Summit and remarks by President Juncker at the final press conference are also available. (For more information: Margaritis Schinas – Tel.: +32 229 60524; Catherine Ray – Tel.: +32 229 69921)

Fair Taxation: Commission proposes new tools to combat VAT fraud

The European Commission has today unveiled new tools to make the EU's Value Added Tax (VAT) system more fraud-proof and close loopholes which can lead to large-scale VAT fraud. The new rules aim to build trust between Member States so that they can exchange more information and boost cooperation between national tax authorities and law enforcement authorities. The most cautious estimates show that VAT fraud can lead to lost revenues of over €50 billion a year for EU Member States – money that should be going towards public investment in hospitals, schools and roads. Revelations in the ‘Paradise Papers' have again shown how tax avoidance schemes can be used to help wealthy individuals and companies to circumvent the EU's VAT rules to avoid paying their fair share of tax. Recent reports also suggest that VAT fraud schemes can be used to finance criminal organisations, including terrorists. Today's proposals would enable Member States to exchange more relevant information and to cooperate more closely in the fight against these activities. Valdis Dombrovskis, Vice-President for the Euro and Social Dialogue, said: 'Cross-border VAT fraud is a major cause of revenue loss for Member States and EU budgets. Today's proposal will help to strengthen the cooperation between institutions working nationally and at EU level in order to effectively tackle this problem and improve tax collection.'Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: 'The Paradise Papers have again shown how some are taking advantage of lax application of EU VAT rules to get away with paying less VAT than others. And we know that VAT fraud can be a source of financing for criminal acts, including terrorism. Combating this requires far more effective information-sharing than currently exists between the competent national authorities – and today's proposals will make that happen.' A full press release and MEMO can be found online. (For more information: Vanessa Mock – Tel.: + 32 229 56194; Patrick McCullough - Tel.: +32 229 87183)

Erasmus+ in 2016: another record year [Updated on 30/11/2017 at 15:50]

As the celebrations for the 30th anniversary of Erasmus come to an end today, the European Commission has published a report on the achievements of the Erasmus+ ***programme*** during 2016. The 2016 Erasmus+ report confirms the key role played by the ***programme*** in building a more resilient Europe united around common European values. Commissioner for Education, Culture, Youth and Sport, Tibor Navracsics, said: 'Erasmus+ has now reached the halfway point of its seven-year journey. I am proud to see how the ***programme*** has acted as a driver for unity in Europe, contributing to strengthening the resilience of individuals and our society. Erasmus+ mobility develops skills and competences and reinforces a European identity that complements and enriches national and regional identities. This is why we encouraged EU leaders meeting in Gothenburg on 17 November to work towards a European Education Area and to make mobility a reality for all by 2025, doubling the number of Erasmus+ participants and reaching out to people coming from disadvantaged backgrounds.“ With a 7.5% increase in the Erasmus+ budget in 2016 compared to the previous year, the EU invested a record €2.27 billion to support 725,000 Europeans with mobility grants to study, train, teach, work or volunteer abroad. This brings the total to more than 2 million participants since 2014. The ***programme*** of the Erasmus 30th anniversary closing event is available here.  A press release, Q&A and several factsheets (Erasmus+, 30th anniversary of Erasmus, country-specific sheets) are available here. Commissioner Navracsics' press point can be watched here (For more information: Nathalie Vandystadt - Tel.: +32 229 67083; Joseph Waldstein - Tel.: +32 229 56184).

Provisional application of new agreement between the European Union and Afghanistan signals new phase in cooperation

From 1 December 2017, the Cooperation Agreement on Partnership and Development (CAPD) between the European Union and the Islamic Republic of Afghanistan will provisionally apply. High Representative/Vice-President Mogherini said: 'We are entering into a new phase of our cooperation. Our new agreement will allow the European Union to better support Afghanistan and the Afghan people, through working even more closely together. The agreement complements the new strategy on Afghanistan that our Union has just adopted, where we look at peace, security and development of the country as our shared priorities. It is a partnership agreement by name and by nature; it shows that the European Union will continue to stand by Afghanistan and the Afghan people.”Commissionerfor International Cooperation and Development Neven Mimica added: 'At the October 2016 Brussels Conference, the European Union as a whole made the largest pledge of €5 billion to support Afghanistan's development agenda up to 2020. Today we confirm our engagement to be a strong partner of Afghanistan in its reform efforts. Our new agreement will give further impetus to our cooperation in a range of key areas such as development, gender equality, trade and investment and regional cooperation. The European Union will continue its support for a peaceful and prospering Afghanistan and to the benefit of the Afghan people.' This agreement, which was signed by the High Representative/Vice-President Mogherini and the Afghani Minister of Finance Hakimi on 18 February, represents the first ever legally-binding framework for relations between the EU and Afghanistan, covering cooperation on inter alia human rights, gender equality, development cooperation, trade and investment matters, migration and regional cooperation. See here the full press release and here a factsheet on EU – Afghanistan relations.(For more information: Maja Kocijancic – Tel.: +32 229 86570; Adam Kaznowski – Tel.: +32 229 89359)

EU invests €1 billion in transport network development

The European Commission is today proposing to invest €1 billion in 39 transport projects, with a view to upgrade Europe's rail network, further develop alternative fuels infrastructure and pave the way for zero emission water transport. In doing so, the Commission is firmly delivering on its clean mobility package from 8 November. Selected projects includethe upgrade of the Divača-Koper rail line in Slovenia, the construction of 340 charging stations for electric cars in 13 EU countries and the enhancement of the Albert Canal, Belgium's main inland waterway. See here for the full list. This investment is made under the Connecting Europe Facility, the EU's financial mechanism supporting infrastructure networks, and combines - for the first time - EU grants with other European, national or private funds ('blending'). Commissioner for Transport Violeta Bulc said, 'Our investment ***plan*** for Europe is working: today we are proposing to invest €1 billion in 39 transport projects of clear EU added value for citizens and businesses. This investment will allow us to further accelerate our transition to low-emission mobility across Europe, and firmly delivers on the EU's jobs agenda for jobs and growth. We expect it to unlock a total of €4.5 billion of public and private co-financing.' Investments are expected to generate € 4.5 billion of cumulated GDP, which corresponds to around 13 million jobs per year, and a reduction of about 7 million tons of CO2 emissions between 2015 and 2030. More information is available here. (For more information: Enrico Brivio – Tel.: +32 229 56172; Alexis Perier – Tel.: +32 229 6 91 43)

Transport aérien: la Commission met à jour la liste des compagnies aériennes interdites dans l'UE

Aujourd'hui, la Commission européenne a mis à jour la liste des compagnies aériennes interdites dans l'UE, autrement dit la liste des transporteurs aériens non européens faisant l'objet d'une interdiction ou de restrictions d'exploitation dans l'Union européenne car ils ne respectent pas les normes internationales de sécurité. Cette liste vise à garantir le plus haut niveau de sécurité aérienne aux citoyens européens. Cela constitue une priorité absolue de la stratégie de l'aviation de la Commission. Par suite de la mise à jour effectuée aujourd'hui, une compagnie aérienne, Avior Airlines (Venezuela), est ajoutée à la liste, tandis que deux autres — Mustique Airways (Saint-Vincent-et-les-Grenadines) et Urga (Ukraine) — en sont retirées, compte tenu des progrès qu'elles ont réalisés en matière de sécurité. Mme Violeta Bulc, commissaire responsable des transports, a déclaré à ce propos: «Notre objectif est d'offrir le plus haut niveau de sécurité dans le ciel européen. La liste des compagnies aériennes interdites dans l'UE reste l'un de nos outils les plus efficaces pour y parvenir. Nous démontrons aujourd'hui qu'avec notre aide, une compagnie aérienne peut être retirée rapidement de la liste à partir du moment où elle résout ses problèmes de sécurité. Le travail paie, et j'espère que l'exemple de Mustique Airways et d'Urga inspirera d'autres compagnies.» Plus d'information est disponible dans un communiqué de presse en FR, EN et DE. (Pour plus de renseignements: Enrico Brivio – Tel.: +32 229 56172; Alexis Perier – Tel.: +32 229 6 91 43)

eGovernment: Member States reach agreement on Single Digital Gateway

Today, Ministers' meeting in Competitiveness Council agreed on a general approach regarding the Commission's proposal to establish a Single Digital Gateway through which people and companies can access high quality information, online administrative procedures and assistance services. Elżbieta Bieńkowska, Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs, said: 'I welcome the agreement reached by Member States. The Single Digital Gateway is a big step to make the EU Single Market more easily accessible for everybody – it will open up new professional and personal opportunities for people and companies across the EU. It is also a strong incentive to modernise public administrations by developing ambitious and user-focused eGovernment strategies. I now count on the European Parliament's support to follow on so the Single Digital Gateway becomes a reality soon.' With this general approach, Member States start delivering on commitments made in the Tallinn declaration on eGovernment.The Competitiveness Council meeting today is also discussing various other Single Market and Industry priorities with the participation of CommissionerBieńkowska. Vice-President Andrus Ansip for the Digital Single Market will participate this afternoon to give an overview on progress made on a number of Digital Single Market topics, including the political agreement against unjustified geoblocking. More information on the Commission proposal for a Single Digital Gateway is available here. Further information on geoblocking can be found in the press release and Digital Single Market factsheets. (For more information: Lucía Caudet – Tel.: +32 229 56182; Victoria von Hammerstein – Tel.: +32 229 55040; Maud Noyon – Tel. +32 229-80379)

Commission brings together Western Mediterranean countries to strengthen co-operation to promote the maritime economy in the region

For the first time, under the initiative of the European Commission, Western Mediterranean countries from both shores of the basin have gathered and agreed on developing a sustainable blue economy in the region. The Ministers of the Western Mediterranean met in Naples, Italy, to endorse and launch the Initiative for the sustainable development of the blue economy in the Western Mediterranean. This will contribute to underpinning political stability and economic certainty. The informal meeting culminated with the adoption of a declaration signed by the ten participating countries: Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia. Commissioner for Environment, Maritime Affairs and Fisheries Karmenu Vella said, 'The Ministerial declaration adopted today bears witness to the countries' political will to foster sustainable growth in the WestMed region. If we want a safe and clean Mediterranean sea, we need to join efforts. If we want to generate jobs and have a sound and sustainable blue economy, we must all work in the same direction. It is great to see that both the EU and our Southern partner countries and neighbours are buying into the initiative with equal conviction.' In parallel to the WestMed Ministerial Meeting, 400 participants from 30 Mediterranean countries representing national, regional and local authorities, the private sector, international organisations, academia and civil society organisations gathered for the Union for the Mediterranean Stakeholder Conference on the Blue Economy. Stakeholders discussed opportunities and challenges for blue economy sectors in the Mediterranean, and ways to stimulate the economy and create jobs. At the end of the conference, the Secretariat of the Union for the Mediterranean and the General Fisheries Commission for the Mediterranean (GFCM-FAO) signed a Memorandum of Understanding on sustainable fisheries. (For more information: Enrico Brivio – Tel.: +32 229 56172; Iris Petsa – Tel.: + 32 229 93321)

Commission's top scientific advisers publish opinion on Food from the Oceans

Today, the High Level Group of the Commission's Scientific Advice Mechanism has published a new scientific opinion on 'Food from the Oceans'. The advisers were asked to look at how more food and biomass can be obtained from the oceans in a way that does not deprive future generations of their benefits. The High Level Group formulates policy recommendations to help meet the demands of a global population approaching 10 billion by 2050. Karmenu Vella, Commissioner for Environment, Maritime Affairs and Fisheries, said: “The growing global population can't be fed by ***agriculture*** alone. Luckily, there is vast potential in the ocean. This report will help in two ways. It points to how we can get more food from the ocean. And it indicates how to do that sustainably.' Carlos Moedas, Commissioner for Research, Science and Innovation, added: 'This substantive opinion and comprehensive evidence review shows that the Commission's Scientific Advice Mechanism is going from strength to strength. I am confident that the value of this opinion will be recognised not just by European policy makers, but also by national governments and all those who care about the future of our oceans.' Spotlight on the recommendations: take into account ***producer*** and consumer needs for a balanced food production framework – expand consumption of species lower in the food chain (i.e algae and shellfish) – consider fish farming in sustainable fisheries partnership agreements between the EU and southern partner countries. As announced by President Juncker on 13 May 2015, the Commission set up the Scientific Advice Mechanism (SAM) to contribute to the quality of EU legislation with scientific expertise. It has already presented valuable opinions in areas such as CO2 emissions from cars, cybersecurity and biotech. A news item and the scientific opinion are available online. (For more information: Lucía Caudet – Tel.: +32 229 56182; Enrico Brivio – Tel.: +32 229 56172; Victoria von Hammerstein – Tel.: +32 229 55040; Iris Petsa – Tel.: + 32 229 93321; Maud Noyon – Tel. +32 229-80379)

Can 3D printing improve crisis response? Commission prize calls for creative tech solutions in humanitarian aid

Today the European Commission launched a new prize on 'Affordable High-Tech for Humanitarian Aid' worth €5 million. The prize will reward tech-based and cost-effective solutions to support humanitarian assistance, from water and energy supply to health and medical care. Carlos Moedas, Commissioner for Research, Science and Innovation, said: 'High-Tech can have an important inclusive role. Top technologies can help more people, especially the most vulnerable ones, to have affordable access to high quality, durable products, which will improve their quality of life.' The announcement was made today at the Commission's humanitarian Partners' Conference that Commissioner for Humanitarian Aid and Crisis Management Christos Stylianides opened. He said: 'The EU is not just the world's biggest donor of humanitarian aid, we also have to ensure that we provide the best quality response to people in critical situations. Creative tech and innovative tools could make a huge difference in the future when it comes to crisis response, including aid delivery in remote areas.' Technologies that can be put to use in a crisis situation are for instance nanotechnologies, advanced materials or 3D printing. The EIC Horizon Prize launched today is part of the European Innovation Council (EIC)pilot and runs under Horizon 2020, the EU's Research and Innovation Funding ***Programme***. For more information please see: news item, infographic, video and EIC website. (For more information: Lucía Caudet – Tel.: +32 229 56182; Carlos Martin Ruiz De Gordejuela – Tel.: +32 229 65322; Victoria von Hammerstein – Tel.: +32 229 55040; Maud Noyon – Tel. +32 229-80379; Daniel Puglisi – Tel.: +32 229 69140)

Antitrust: Commission sends Statement of Objections to AB InBev for preventing cheaper imports of beer into Belgium

The European Commission has informed AB InBev of its preliminary view that the company has abused its dominant position on the Belgian beer market, by hindering cheaper imports of its Jupiler and Leffe beers from the Netherlands and France into Belgium.Margrethe Vestager, Commissioner in charge of competition policy, said: 'Belgian consumers may have had to pay more for their favourite beers. Our preliminary finding is that AB InBev may have deliberately prevented cheaper beer imports out of France and the Netherlands from reaching consumers in Belgium. Such practices would breach EU competition rules, because they deny consumers the benefits of the EU Single Market – choice and lower prices. AB InBev now has the opportunity to respond to our concerns.' Effective competition is important for European consumers to reap all the benefits of the internal market. The Commission's preliminary view is that AB InBev has abused its dominant market position by pursuing a deliberate strategy to prevent supermarkets and wholesalers from buying Jupiler and Leffe at lower prices in the Netherlands and France, and from importing them into Belgium. This case is an example of the Commission's effort to ensure effective competition along all levels of the value chain from farmers, ***producers***, distributors to consumers. The sending of a Statement of Objections does not prejudge the outcome of the investigation. The full press release is available online in EN, FR, DE, NL. (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)

State aid: Commission approves Irish support scheme for SMEs in difficulty

The European Commission has found a €10 million Irish aid scheme to facilitate the restructuring of small and medium sized companies (SMEs) in Ireland, to be in line with EU State aid rules.Under the scheme, which will run until 2020, Enterprise Ireland, an Irish Government Agency responsible for supporting businesses, will be entitled to offer restructuring support to SMEs in financial difficulty. In particular, the scheme will provide support if a company's failure is likely to trigger job losses. It aims to avoid situations where value-creating and viable SMEs, with the potential to restore their competitiveness, are prevented from accessing finance from credit markets. The support will take the form of equity investments and will be available to SMEs active in all sectors of the economy, with the exception of the steel, coal and financial sectors. The scheme requires potential beneficiaries of the restructuring aid to: i) present a sound restructuring ***plan*** to ensure their long-term viability; ii) contribute at market terms to the restructuring costs - up to 40% of these costs in the case of medium-sized enterprises (up to 250 employees) or up to 25% of these costs in the case of small enterprises (up to 50 employees). Commissioner Margrethe Vestager, in charge of competition policy said: 'Small and medium sized companies are the backbone of our economy and it is good that we have been able to endorse this Irish scheme to support SMEs that get into difficulties. These smaller companies employ a lot of people and this scheme should help them preserve jobs without unduly distorting competition.' The full press release is available online in EN, FR, DE, GA. (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou - Tel.: +32 229 13740; Yizhou Ren – Tel.: +32 229 94889)

The future of EU finances: final meeting of the High Level Group on Simplification of EU Funds

Today, the high level group of independent experts holds its last discussion on how to simplify access to EU funds and cut red tape in the management of funding ***programmes*** in the post 2020 Cohesion Policy. During the day they will exchange with Commissioner for regional policy Corina Creţu and Commission experts on practical ways to implement the main proposals of their final report presented in July 2017. The discussion focuses especially on 1) the preparation of future ***programmes*** and how to avoid delays 2) online methods and common indicators to make reporting by Member States and beneficiaries easier 3) simple and readymade solutions to reimburse costs and limit paperwork 4) more harmonised criteria to assess the performance of Cohesion policy investments and fewer, more proportionate controls. Commissioner Creţu said: 'The High Level Group addressed difficult topics, like audit and controls, and it did so with courage and no taboo. The experts drew up a rich set of clear and detailed proposals for simpler access to EU funds in the future. They can be proud of their work.' High Level Group Chairman Siim Kallas said: 'Cohesion Policy funds are the most visible, positive elements of the EU, but over the years too many rules have been added. Our recommendations show that significant simplification is not only needed but also feasible'. Created in 2015 at the initiative of Commissioner Creţu, the High Level Group started its work by formulating a number of proposals , some of which were taken on board in the mid-term review of the current budget. The Group then dedicated all its efforts to setting sail on post 2020. The Commission proposal for the future Cohesion Policy is expected before the summer 2018, following the Multiannual Financial Framework proposal. (For more information: Johannes Bahrke – Tel.: +32 229 58615; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)

Solidarité avec le Portugal: la Commissaire Crețu visite le centre du pays touché par les feux de forêt

La Commissaire à la politique régionale Corina Crețu se rend aujourd'hui au Portugal, jusqu'au lundi 4 décembre. A Lisbonne, la Commissaire rencontrera le Premier Ministre Antόnio Costa et le ministre en charge des fonds européens, M. Pedro Marques, pour discuter du futur de la politique de Cohésion en vue du prochain budget, après 2020. La Commissaire rencontrera également les Secrétaires d'Etat Luís Medeiros Vieira et Miguel João de Freitas, respectivement en charge de l'***Agriculture*** et du Développement rural. Lundi, la Commissaire Crețu visitera les lieux fortement affectés par les violents feux de forêt de juin, Pedrogão Grande, Castanheira de Pera et Figueiró dos Vinho, et rencontrera les autorités locales de la région du Centre dans la ville de Coimbra. La Commissaire a dit: 'Ma visite sur les lieux de ces incendies dévastateurs est le symbole que le Portugal ne restera pas seul à panser ses plaies; c'est l'Europe entière qui se portera solidaire, à long terme, pour surpasser les conséquences de cette tragédie. La semaine dernière, la Commission a proposé un mécanisme de protection civile renforcé, à la fois pour la coordination de la réponse d'urgence et pour la prévention, qui sont aussi importantes l'une que l'autre. Et nous sommes en contact avec les autorités portugaises pour compléter la demande d'aide au titre du Fonds de solidarité, en incluant les feux de forêt d'octobre.' Une première avance de 1,5 millions d'euros a été allouée au Portugal au titre du Fonds de Solidarité de l'UE il y a trois semaines, avant que le Commission ne propose un montant définitif d'aide. Afin de participer à la régénération de l'activité économique dans la région du Centre, touchée par les incendies, la Commission avait accepté en août 2017 la modification du ***programme*** régional de politique de cohésion, pour soutenir les entreprises locales. Enfin, plus d'information sur RescEU, le mécanisme renforcé de coordination d'urgence et de prévention, est disponible dans ce communiqué de presse.(Pour plus d'informations: Johannes Bahrke – Tel.: +32 229 58615; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)

Commissioner Jourová launches the New Deal for Consumers

Commissioner Jourová has today launched a discussion on the New Deal for Consumers by bringing together all stakeholders working on improving consumer rights in the EU. The Commission will present next spring changes to the existing consumer law to modernise them and ensure that they are properly enforced. Commissioner Jourová said on this occasion: 'With the New Deal for Consumers, I want to reshape EU consumer rules to make them fit for the 21st century still during my mandate. I want to make them fit for the digital age: consumers should have the same rights online, as they do offline. I want to find ways for groups of consumers to defend their interests. Their claims will be strong together, especially when they face large companies. Finally, consumer authorities should have the power to better enforce consumer rules; they need to be equipped with penalties that are deterrent to ensure that companies respect them. We have no time to waste; that's why we need all hands on deck to jump through the legislative hurdles.' Members of the European Parliament, the Estonian, Austrian and Bulgarian trio Presidency of the Council, the European Economic and Social Committee, the Committee of Regions, as well as the main European consumer and business organisations were present to launch the New Deal for Consumers. (For more information: Christian Wigand – Tel.: +32 229 62253; Mélanie Voin – Tel.: +32 229 58659)

Visa reciprocity: Canada to lift visa requirements for Bulgarian and Romanian citizens on 1 December

The Commission welcomes the forthcoming decision by Canada to lift visa requirements for Bulgarian and Romanian citizens as of 1 December. The decision comes after intensive diplomatic efforts and continued engagement at political and technical levels between the EU, Canada and the two Member States, Bulgaria and Romania. Commissioner for Migration, Citizenship and Home Affairs Dimitris Avramopoulos said: 'Tomorrow is a great day for all Romanian and Bulgarian citizens, who will now be able to enjoy visa-free travel to Canada. This decision shows that our diplomatic efforts and patient work with our Canadian partners are bearing fruit. I would like to thank all the parties involved – Bulgaria, Romania and most importantly Canada – for their sustained effort and great commitment to making this happen. Achieving full visa reciprocity for all EU citizens is our priority and we will continue to work hard with our Member States and our external partners to deliver tangible results, as we did today.' Commissioner for Regional Policy Corina Creţu said: 'This is great news for Romanian and Bulgarian citizens; as of this Friday, they will be able to travel to Canada without the hassle of applying for a visa. Great teamwork between Romania, Bulgaria, Canada and the EU.' Commissioner for Digital Economy and Society Mariya Gabriel said: 'I am very happy with this decision. It is a strong signal for Bulgarian and Romanian citizens and the outside world that Europe is united and determined and that there are no second class Europeans.' Following cooperative discussions towards reciprocal and secure visa-free travel with Canada, visa requirements for some categories of Bulgarian and Romanian citizens were lifted on 1 May 2017. With tomorrow's decision, a further positive result of the Commission's efforts to achieve visa-free travel for all its citizens, the remaining visa requirements for short stays will be removed altogether. For more information on visa reciprocity please refer to the latest press release and Q&As online. (For more information: Tove Ernst – Tel.: +32 229 86764; Kasia Kolanko – Tel.: +32 229 63444)

STATEMENTS

Commissioner Günther H. Oettinger welcomes the adoption of EU Budget 2018 by European Parliament and the Council

Commissioner in charge of Budget and Human Resources, Günther H. Oettinger, welcomed the approval of the EU budget by the Council and the positive vote by the European Parliament. Following the agreement on the EU budget reached in the early hours of 18 November 2017, the Council adopted its official position earlier today, and the Parliament supported the agreement with 295 votes in favour also on 30 November. To welcome the approval, Commissioner Günther H. Oettinger said: 'I am grateful to the European Parliament and to the Member States in the Council for our fruitful cooperation on the EU budget for 2018. Next year's budget will go to create more jobs, more growth, more investments. It will help young people find jobs and internships. It will help making Europe more secure. I look forward to our ongoing work together in making sure that every euro is spent efficiently and creates added value for Europe.' The vote in Parliament is the final stage of the budgetary cycle which starts with the proposal by the Commission in the spring of every year. More information about the parameters of the adopted budget is available here. Follow the press conference of Commissioner Oettinger here and on EbS. (For more information: Alexander Winterstein - Tel.: +32 229 93265; Andreana Stankova – Tel.: +32 229 57857)

Xylella fastidiosa: Conférence ministérielle à Paris le 1er décembre

Demain, le commissaire en charge de la Santé et de la Sécurité alimentaire, Vytenis Andriukaitis, participera à Paris à une rencontre ministérielle, co-organisée par la Commission européenne et le ministère français de l'***Agriculture*** sur la question de la Xylella.Apparue pour la première fois en Europe en 2013, dans la région italienne des Pouilles, cette bactérie a depuis été détectée en France, en Allemagne et en Espagne. Réunissant les représentants des pays concernés, ainsi que des experts scientifiques (EFSA et INRA),cette conférence fera le point sur la situation en Europe et sur les mesures adoptées depuis 4 ans pour contrer la bactérie et visera à renforcer la coopération entre les états membres affectés. Le discours du commissaire sera disponible en ligne.  #Xylella (Pour plus d'informations: Anca Paduraru – Tel.: +32 229 91269; Aikaterini Apostola – Tel.: +32 229 87624)

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[***Evitable Conflicts, Inevitable Technologies? The Science and Fiction of Robotic Warfare and IHL***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BNK-CF41-DY41-72F4-00000-00&context=1516831)

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Katie Szilagyi

**Body**

**ABSTRACT**

This article contributes to a special symposium on science fiction and international law, examining the blurry lines between science and fiction in the policy discussions concerning the military use of lethal autonomous robots. In response to projects that attempt to build military robots that comport with international humanitarian law [IHL], we investigate whether and how the introduction of lethal autonomous robots might skew international humanitarian norms. Although IHL purports to be a technologically-neutral approach to calculating a proportionate, discriminate, and militarily necessary response, we contend that it permits a deterministic mode of thinking, expanding the scope of that which is perceived of as “necessary” once the technology is adopted. Consequently, we argue, even if lethal autonomous robots comport with IHL, they will operate as a force multiplier of military necessity, thus skewing the proportionality metric and amplifying new forms of destructive, lethal force.

**FULL TEXT**

In 1967—the same year that IBM invented the floppy disk, the US bombed Hanoi, the USSR ratified a treaty with England and US banning nuclear weapons in space, Israel fought its Six-Day War against Syria, Jordan, Iraq, and Egypt, China became the world’s fourth thermonuclear power, and the first automated teller machine was installed in the United Kingdom—NBC aired “A Taste of Armageddon,” the 24th episode in the first season of *Star Trek: The Original Series*.

The stardate is 3192.5. Captain Kirk and crew have beamed down to the planet Eminiar Seven.

KIRK:

My mission is to establish diplomatic relations between your people and mine.

ANAN:

That is impossible.

KIRK:

Would you mind telling me why?

ANAN:

Because of the war.

KIRK:

You’re still at war?

ANAN:

We have been at war for five hundred years.

KIRK:

You conceal it very well. Mister Spock?

SPOCK:

Sir, we have completely scanned your planet. We find it highly advanced, prosperous in a material sense, comfortable for your people, and peaceful in the extreme. Yet you say you are at war. There is no evidence of this.

ANAN:

Casualties among our civilian population total from one to three million dead each year from direct enemy attack. That is one reason, Captain, why we told you to stay away. As long as your ship is orbiting our planet, it is in severe danger.

SPOCK:

With whom are you at war?

ANAN:

The third planet in our system, called Vendikar. Originally settled by our people and now a ruthless enemy. Highly advanced technologically.

(*An alarm sounds*.)

ANAN:

Please excuse me. Vendikar is attacking. Mea, care for our guests.

(*The Council adjourns into an adjacent room filled with computer equipment*.)

The Council adjourns to discuss the attack. Meanwhile, Captain Kirk and his crew are mystified. Their counterparts on the Starship Enterprise have been monitoring the planet from above and no signs of strife have been registered—no explosions, no radiation, no disturbances whatsoever. Yet the Eminiarian emissary assures them this is no game: one million deaths have just been registered. Before long, resident logician Spock begins to comprehend what has happened.

SPOCK:

Computers, Captain. They fight their war with computers. Totally.

ANAN:

Yes, of course.

KIRK:

Computers don’t kill a half million people.

ANAN:

Deaths have been registered. Of course they have twenty four hours to report.

KIRK:

To report?

ANAN:

To our disintegration machines. You must understand, Captain, we have been at war for five hundred years. Under ordinary conditions, no civilisation could withstand that. But we have reached a solution.

SPOCK:

Then the attack by Vendikar was theoretical.

ANAN:

Oh, no, quite real. An attack is mathematically launched. I lost my wife in the last attack. Our civilisation lives. The people die, but our culture goes on.

KIRK:

You mean to tell me your people just walk into a disintegration machine when they’re told to?

ANAN:

We have a high consciousness of duty, Captain.

SPOCK:

There is a certain scientific logic about it.

ANAN:

I’m glad you approve.

SPOCK:

I do not approve. I understand.

…

*Captain’s log, delayed. The Enterprise, in orbit about Eminiar Seven, has been declared a casualty of an incredible war fought by computers. I, and my landing party, though apparently not included as casualties aboard the Enterprise, are confined on the planet’s surface, awaiting what?*1

When “A Taste of Armageddon” first aired in 1967, the prospect of “an incredible war fought by computers” was unquestionably the stuff of science fiction. And while the notion of computer-based decision-making may have been approaching reality, the idea of computer-fought war—virtual simulations dictating that millions of people must succumb to disintegration machines to keep the peace—required a suspension of disbelief. Such a ritualistic practice may have been tolerated by an ancient religious worldview,2 but certainly not by our modern technological society. It was, therefore, not surprising when Captain Kirk, unwilling to accept Eminiar Seven’s version of the Horatian fiction,3 overpowered the guards and destroyed the war computers in what must have been perceived by the planet’s inhabitants as a true Luddite uprising.

Forty-five years after Captain Kirk’s glorious fictitious conquest,4 our society faces the very real possibility of a similar kind of war—war fought by robots, not people. *A Taste of Armageddon* foretells a world that perceives war as inevitable, but its essential characteristics—e.g., physical disaster, loss of property, loss of knowledge and culture, disease, displacement, pain, anguish, starvation, and violent, bloody death—as evitable. It presents a certain “scientific logic”: although we could never do away with war, we can use technology to minimize its impact on our day-to-day lives. Technology can make the conditions of war more tolerable. This, in turn, may result in more war. But it results in a much more bearable form of war. Through computers, war becomes civilized, more humane.

The basic rationale for today’s robotic warfare is similar, though the looming robot wars will not be as neat and tidy as Star Trek’s computer-fought war. In the virtual war between Eminiar Seven and Vendikar, aside from the inevitable prospect of random death by lottery, all of war’s other atrocities become completely evitable. For both sides, civilian life during wartime carries on without disruption. Robotic warfare, on the other hand, does not enjoy symmetry in those characteristics of war that are evitable. The side without robots5 will suffer physical disaster, loss of property, loss of knowledge and culture, disease, displacement, pain, anguish, starvation, and violent, bloody death. The side with robots will enjoy the spoils.

Semi-autonomous robots are already a well-entrenched component of military weaponry. And the project of developing lethal autonomous robots to replace human soldiers engaged in conflict is well under way, with an increasing annual global investment from the military and the private sector.6

Proponents7 tell us that robotic warfare is merely an extension of human action in battlespace8—only with superior results and to nobler ends. The substitution of automatons for humans in international conflict not only will save lives, we are told, robo-soldiers will outperform human soldiers physically, emotionally and ethically.9 Robots are not vulnerable to the perils that plague humans on the battlefield: exhaustion, elevated emotions, or the need to seek retribution for the death of a comrade. Advanced sensory capabilities permit robots to cut through the fog of war—reducing confusion, friendly fire and other erroneous responses. Through a carefully ***programmed*** slave-morality, we can better ensure that robot warriors comport with international standards and the ethical rules of just war; unlike human beings, we can ***program*** robo-soldiers to be ethical. This, we are told, will reinforce and enhance international humanitarianism and reduce injustice in armed conflict. Like the computer-fought wars of science fiction, robot warfare promises to be civilized, more humane.

In this article, we examine the blurry lines between science and fiction in the policy discussions concerning the military use of lethal autonomous robots. We invoke two literary genres—science fiction and science and technology studies (STS). The focal point in the STS literature to date involves speculation about whether the next generation of military robots might in fact comport with the international laws of war. We contend that it is also important to consider whether and how the introduction of lethal autonomous robots might skew international humanitarian norms. We are less interested in the Asimovian question of whether robots can be ***programmed*** to adhere to the law than we are about how their participation in war might itself change the law by altering perceptions regarding the boundaries of permissible military force. In an attempt to better understand these things, we suggest that there is much to be learned from science fiction and STS.

In Part I, we survey the current state of the art in military robotics. Recognizing that today’s semi-autonomous technologies require a “human in the loop,” we suggest that it may not be long before human participation ceases to be a technological or military imperative. Part II considers the case for lethal autonomous robots and the technological project of ***programming*** ethical compliance with international humanitarian norms. In Part III, we demonstrate that none of these ideas are new; that their ethical, political and legal implications have been carefully explored for more than a half-century in science fiction, which has much wisdom to offer. Canvassing some of that literature, we articulate what we see as two predominant visions of robots. We further explore these particular visions of robots in Parts IV and V. More specifically, Part IV investigates the philosophical underpinnings of international humanitarian law’s (IHL) fictitious approach to regulating the technologies of war: technological neutrality. We evaluate the problems inherent in that approach. In addition to its superficial and disingenuous treatment of the robotic technologies in question, we suggest that this approach permits a deterministic mode of thinking, expanding the scope of that which is perceived of as “necessary” once the technology is adopted. In Part V, we examine the implications of this in the IHL context, arguing that the “normative pull” of some emerging military technologies reshapes the rules regarding their permissible use. Consequently, we argue, even if lethal autonomous robots can be said to comport with IHL, they will operate as a force multiplier of military necessity, thus skewing the proportionality metric and amplifying new forms of destructive, lethal force. We conclude in Part VI by revisiting some of the insights offered by science fiction and by calling into question the appropriateness of IHL as the primary or exclusive means of regulating lethal autonomous military robots.

**I. Military Robots**

Robotic weapons can be broadly classified into three categories: (i) *remote-controlled weapons* (e.g. unmanned aerial vehicles that require a human operator’s confirmation before the weapon’s launch sequence can be engaged);10 (ii) *semi-autonomous robots* (e.g. robot sentries that can accept sensory inputs and execute a specific action from a catalogue of set responses);11 and (iii) *lethal autonomous robots* (e.g. the yet unrealized logical extension and oft-stated end goal of the current technology—machine systems capable of making tactical decisions and performing military operations independent of human input).12

Many of our most powerful weapon systems are already imbued with some degree of “autonomy” and, once initiated, are able to carry out operations independent of human control or oversight. For example, torpedoes13 and cruise missiles14—precursors to today’s Predator drones15—have long been able to determine (within a delimited range of options) the optimal speed and trajectory required to engage a target without human presence and, in some instances, without human ***intervention***.16 A dramatic improvement over the fledgling application of air power in World War I (WWI), one example of such “smart” bombs are precision-guided munitions, which employ “laser, electro-optical, or infrared guiding systems that keep them on course towards their targets.”17 While precision-guided munitions have become increasingly predominant since first used by American forces in Vietnam, these smart bombs emerged into widespread usage and public consciousness after use by coalition forces in the 1990–1991 Persian Gulf War.18 Their success at avoiding so-called “collateral damage,” by preventing civilian casualties in targeted attacks in urban areas was highly publicized.19 By the Gulf War, the circular error of probability of bombs dropped was a mere 10 feet, a dramatic improvement over the circular error of probability of 3,300 feet expected during WWI.20 Smart weapons are now the standard for many military applications; indeed, some human rights advocates even argue that only sufficiently smart weapons should be permitted to attack within urban areas.21

A significant number of currently operational military robots fall within the category of unmanned aerial vehicles. By its own assessment, the US Department of Defense spent over $3 billion on these vehicles between 1990 and 2000, and another $4 billion from 2000 to 2010.22 High profile Predator drone attacks on suspected terrorists in Pakistan, Yemen, and elsewhere have recently resulted in numerous front-page headlines.23 In 2009, the US Air Force trained more remotely controlled aircraft pilots than actual fighter pilots.24 New applications extend the already strong capabilities of the Predator. One such example, the Global Hawk, has been referred to as “the Predator’s big brother.”25 It flies autonomously as opposed to being remotely piloted: an operator tells the unmanned aerial vehicle to take off with a mere click of a mouse. The Global Hawk then carries out its pre-***programmed*** mission by acquiring directions in real time from its onboard Global Positioning System (GPS) and operates independently until it returns and the pilot “hit[s] the land button.”26

Land application of robotic weapons is more difficult and, as a result, less common. Robots can have difficulty navigating uneven terrain. Nonetheless, the US Army’s Future Combat Systems project, which is currently in development, is aimed at developing a system for rapid deployment that would replace the current main battle tank with unmanned technology.27 Early entrants to the realm of robotic land weapons include PackBot, a flagship product of the American robot company iRobot.28 First used in rescue efforts on September 11, 2001 to adeptly navigate the carnage at Ground Zero, PackBot was later deployed to Afghanistan to act as a scout in treacherous cave systems.29 Another land application, the Modular Advanced Armed Robotic System, is a combat robot manufactured by the QinetiQ Group that rolls on tank-like treads.30 Its additional functionality includes day and night vision cameras, a four-barrel grenade launcher, and a 7.62 mm machine gun.31 A semi-autonomous robot called the Samsung SGR-A1, a robotic sentry that can track multiple moving targets using infrared and visible light cameras, patrols the demilitarized zone between North Korea and South Korea.32 This robot can identify a human target and fire upon it without human input, by detecting and identifying targets with a series of cameras, heat and motion sensors.33 In its current deployment, a human makes the decision to fire the 5-millimetre light machine gun, but there is also an “automatic” mode where the robot can make its own decision.34 South Korea aims to use this robot to shoot any human attempting to cross the demilitarized zone.35

There are a myriad of examples to showcase the advanced state of technology today. For instance, the Phalanx system for Aegis-class cruisers can “autonomously perform its own search, detect, evaluation, track, engage and kill assessment functions.”36 Foster-Miller’s has developed the Talon SWORDS (Special Weapons Observation Reconnaissance Detection System) platforms.37 SWORDS vehicles autonomously move towards their targets using its GPS, while the firing of weapons remains the responsibility of a soldier that is located a safe distance away and remotely executes commands.38 Lightweight miniature drones such as the RQ-11 Raven, with enhanced live-coverage capability, can be operated by remote or be ***programmed*** to operate autonomously.39 Israel has stationary robotic gun sensor systems fitted with “fifty caliber machine guns and armored folding shields” positioned along its borders with Gaza in “automated kill zones.”40 While the current operation keeps a human in the loop to fire the weapon, autonomous operation is anticipated.41 An especially notable development, the US Air Force’s “Low Cost Autonomous Attack System,” is specifically designed to “autonomously search for, detect, identify, attack and destroy theatre missile defence, surface to air missile systems, and interdiction/armour targets of military interest.”42 The system, which is equipped with radar and target recognition, can autonomously select between three different warhead configurations to ensure use of the best weapon for the job.

Systems such as these continue to improve: components become smaller, computer processing becomes more powerful and less expensive, and weapons capabilities become more and more adept.43 The Moore’s Law-ish44 trajectory of military robotics is perhaps best evidenced by the American military operation in Iraq. When the forces first went into Iraq in 2003, only a handful of unmanned aerial vehicles were involved in the operation; that number is now 5,300.45 At its outset, the operation had no robotic systems on the ground; now, there are over 12,000 such systems in place.46

Both technological and military standards regarding such weapons are currently premised on a “human in the loop”—for now, human beings are still the gatekeepers of military decision-making.47 However, as the trajectory of many of the above-described technologies demonstrates, it may not be long before human participation ceases to be a technological or military imperative. More than 40 countries are in the process of developing autonomous weapons of various sorts.48 Many of the systems under development will go far beyond “a ‘fire and forget’ system capable of determining its trajectory or pursuing its target to some limited extent.”49 We stand on the precipice of a military era that could require us to decide whether and to what extent we should delegate to machine systems the ***programming*** of missions, final targeting instructions, and even decisions about whether and when to pull the trigger or push the button.

**II. The Case for Lethal Autonomous Robots**

Lethal autonomous robots offer a seductive military advantage: their programmable nature means common human frailties could well be ***programmed*** out of next generation warriors. To some extent, robots in the field today outstrip their human counterparts in terms of sensing capabilities—not to mention recording and broadcasting. With highly developed sensor systems operating at incredible speeds of transmission, these machines can respond to information from many inputs simultaneously.50 This enables real-time analytical surveillance of the battlefield, reducing the “fog of war.”51 Robotic senses are not clouded by human emotions such as fear, hysteria, anger and frustration.52 They do not suffer from the human shortcoming of “scenario fulfillment,” a propensity in human cognition to ignore or modify incoming information to mesh with their pre-existing beliefs and ideas—what Gary Marchant et al. describe as “a form of premature cognitive closure.”53

Today’s robots are often employed in the types of situations wherein ordinary human weaknesses prove problematic. Since robots need not emulate the human tendency for self-sacrifice, they are better able to carry out operations conservatively in situations when the target has not necessarily been identified. Similarly, such robots can be used in a self-sacrificing manner without the moral reservation of a commanding officer or the need to steel itself against human survival instincts.54 As Peter Singer notes (somewhat tongue in cheek) about the “death” of a PackBot—a key member of most American sentry teams operating in Iraq—when a robot dies, you do not have to write a letter to its mother.55

Yet beyond the advanced technological capabilities, it is the possibility of ***programming*** behavior that is often identified as a key advantage in autonomous systems. Ronald Arkin also suggests that robotic warriors could be made to perform more ethically than their human counterparts—that common human frailties could indeed be “designed out” of ethically ***programmed*** robots.56 In wartime, human soldiers may disregard humanitarian requirements for a variety of reasons. In some instances, decisions may be emotionally charged, including the quest for revenge upon instances of high friendly losses or frustration at a poorly defined enemy.57 There is also a recurring tendency to dehumanize the enemy, thereby rendering enemy soldiers apparently unworthy of humanitarian protections.58 Other situations are more banal: when troops are immature or have been poorly trained and do not understand the laws of war. Such things can occur as a result of mundane circumstances such as a high turnover in the chain of command, weak leadership, or an issuance of unclear orders.59 All of these shortcomings, Arkin and others argue, could be eliminated if the execution of war were to be delegated to the machines.60

In particular, Arkin contends that case-based reasoning, already employed in other intelligent robotic systems, could prove useful in this regard.61 He believes that such military applications would eclipse the performance of soldiers on the battlefield, and he writes in a recent progress report: “I am convinced that they can perform more ethically than human soldiers are capable of.”62 According to Arkin, the fact that robots might sometimes fall short of the standard of the laws of war does not mean that they are worse than humans. Humans also fall short of this standard with what Arkin characterizes as “depressing regularity.”63 Using comprehensive system mapping and logical expressions, he describes the proposed functionality of lethal autonomous robots, including “architectural design options,” that would inject moral reasoning capability into robots.64

Additionally, one of the strongest arguments in favor of lethal autonomous robots is the resulting decrease in human involvement in undesirable and perilous conflict. Simply put: why would we involve people in war if we don’t have to? Fewer human soldiers mean fewer casualties—at least for one side of the battle.65 Likewise, we are told, delegating these tasks to robots will eliminate much of the dangerous and undesirable work for military personnel—whose efforts can now be directed to higher order activities.

Of course, this 21st century rhetoric has a pedigree that must be unpacked in order to evaluate the case for lethal autonomous robots. Its origins lie in Athenian slave morality and its modern day progeny reside in contemporary science fiction.

**III. The Robot Concept**

When one considers the matter historically, the case for delegating undesirable or perilous tasks to robots is hardly a 21st century idea. It is well recognized as a popular, recurring meme in 20th century science fiction.

However, the roots of the robot concept go back to the Greek poets, whose ideas were subsequently formalized in 350 BCE, when Aristotle considered them in Book I, Part IV of his *Politics*. With all the playfulness of contemporary science fiction authors such as Jules Verne or Douglas Adams, Aristotle asked his readers to imagine a counterfactual world, one very different from his own: … if every instrument could accomplish its own work, obeying or anticipating the will of others, like the statues of Daedalus, or the tripods of Hephaestus, which, says the poet,“of their own accord entered the assembly of the Gods;” if, in like manner, the shuttle would weave and the plectrum touch the lyre without a hand to guide them, chief workmen would not want servants, nor masters slaves.66

Aristotelian robots—artificial slaves—eliminate the need for human labor. This insight would later ignite skyrockets in the minds of contemporary science fiction authors, and set in silicon his underlying vision of automation: the delegation of unpleasant or undesirable human activity to artefacts. However, Aristotle’s robotic utopia was relatively impoverished. Among other things, it lacked any assurances that artificial slaves capable of “anticipating the will of others” would not also be capable of insurrection or, at the very least, of carrying out harmful operations unintended by those who initially employed them. Contemplating these possibilities and safeguarding against them is the stuff of contemporary science fiction, from which two quite different visions of robots have been formulated.

As Ben-Naftali and Triger point out,67 the first contemporary use of the word “robot” appears in a science fiction play written in 1920 by Karel Čapek, titled “R.U.R.” (Rossum’s Universal Robots). It is by now well-known that the term “robot” was in fact coined by Karel’s brother, Joseph, as a derivative from the Czech word *robota*—used to describe a form of involuntary servitude in which low standing members of a social class were legally forced to work for the state or for aristocrats because they could not afford to pay taxes.68 Setting the stage for an entire subgenre of science fiction devoted to robot insurrection,69 Čapek imagines a society so deeply entrenched in capitalism that the laborers themselves become part of the means of production. Not merely in Marx’s figurative sense, where the proletariat is exploited by the bourgeoisie, but quite literally—Rossum’s factory fabricates70 artificial people that are ***programmed*** to labor happily for the Rossum Corporation. However, the ***plan*** goes very badly awry once a hostile robot rebellion ensues.

Unquestionably, Aristotle’s politics of servitude are inextricably linked to the perceived benefits of Rossum’s robots. Consider a few lines from the play:

Domin:

The best sort of worker is the cheapest worker. The one that has the least needs. What young Rossum invented was a worker with the least needs possible.71

…

Fabry:

So that they can work for us, Miss Glory. One robot can take the place of two and a half workers. The human body is very imperfect; one day it had to be replaced with a machine that would work better.

Busman:

People cost too much.

Fabry:

They were very unproductive. They weren’t good enough for modern technology. And besides, … besides … this is wonderful progress that … I beg your pardon.

Helena:

What?

Fabry:

Please forgive me, but to give birth to a machine is wonderful progress. It’s more convenient and it’s quicker, and everything that’s quicker means progress. Nature had no notion of the modern rate of work. From a technical point of view, the whole of childhood is quite pointless. Simply a waste of time.72

…

Domin:

… now is the time when we can go back to the paradise where Adam was fed by the hand of God, when man was free and supreme; man will once more be free of labour and anguish, and his only task will once again be to make himself perfect, to become the lord of creation.73

…

Alquist:

… The whole world, all the continents, all of mankind, all of it’s [*sic*] just become one bestial orgy! No-one ever has to reach out his hand for food; he just stuffs it straight in his mouth without even needing to stand up. Haha, Domin’s robots, they always take care of everything! And us human beings, the pinnacle of creation, we don’t have to take care of work, we don’t have to take care of children, we don’t have to take care of the poor!74

Using science fiction as a vehicle of enquiry, Čapek’s R.U.R. raises interesting and important philosophical and ethical questions about Aristotle’s utopian vision of delegating all unpleasant or undesirable labor to (intelligent) machines. This subject continues to develop today, not only within the science fiction genre but also in the field of contemporary moral philosophy.75

As moral philosopher, Stephen Petersen, describes it: Fiction involving robots almost universally plays on a deep tension between the fantasy of having intelligent robot servants to do our every bidding, and the guilt over the more or less explicit possibility that having such intelligent creatures do our dirty work would simply be a new form of slavery. The robot character is frequently a sympathetic antihero who gets mistreated by its callous, carbon-chauvinist human oppressors. Our guilt over such a scenario often manifests as a fear that the robots’ servile misery would drive them to a violent and relentlessly successful uprising.76

While there are many ways of telling stories about robots, and many variations even within these themes, we suggest this is the first of two relatively distinct visions of robots in science fiction. The catalogue of dystopic science fiction stories portraying a rebelling caste of *robota* is enormous and complex.77 Those who take this narrative seriously, and many credible experts do, worry deeply about the project of developing lethal autonomous robots. Some believe that the future may not need us.78 Of course, many others are not as concerned about an actual robot uprising.79

Unsurprisingly, there is another less destructive vision of robots that has developed in science fiction, which carries equal if not greater significance within the genre. This much more utopian vision of robots in science fiction imagines instead a peaceful, flourishing society in which robots work cooperatively alongside humans. This alterative narrative of “co-robotics”80 was perhaps most famously promulgated by the science fiction of Isaac Asimov. In creating his robotic vision, Asimov was careful to respond to Čapek’s vision of robots in R.U.R. and what Asimov called its “Frankenstein Complex”—“its gut fears that any artificial man they created would turn upon its creator.”81

Asimov described what we are calling the second predominant vision of robots as follows: Beginning in 1939, I wrote a series of influential robot stories that self-consciously combated the “Frankenstein complex” and made of the robots the servants, friends, and allies of humanity.82

Perhaps an even more apt depiction of Asimov’s robotic vision is expressed through the voice of one of his most interesting characters in the Robot Series, Dr. Susan Calvin. Learning that her interlocutor is only 32 years old, she proclaims: Then you don’t remember a world without robots. There was a time when humanity faced the universe alone and without a friend. Now he has creatures to help him; stronger creatures than himself, more faithful, more useful, and absolutely devoted to him. Mankind is no longer alone. Have you ever thought of it that way?…To you, a robot is a robot. Gears and metal; electricity and positrons. Mind and iron! Human-made! If necessary, human-destroyed! But you haven’t worked with them, so you don’t know them. They’re a cleaner, better breed than we are.83

Asimov’s idea was that universally coding the machines to comport with certain social rules could mitigate the Frankenstein complex. Taking Aristotle to the next level, the elite could not only use robots to their great advantage but the general public could also be made to trust robots. ***Programming*** all robots with an obedient, slave morality would allay people’s fears, ensuring that robots are “more faithful, more useful, and absolutely devoted.” Not to mention, ubiquitous.

This approach was codified in what became famously known as Asimov’s “Three Laws of Robotics,” requiring that:

A robot may not injure a human being or, through inaction, allow a human being to come to harm.

A robot must obey the orders given to it by human beings, except where such orders would conflict with the First Law.

A robot must protect its own existence as long as such protection does not conflict with the First or Second Laws.84

Numerous commentators (sometimes including Asimov himself) have, from time to time, rather carelessly treated the three laws as though they were simply human laws to be followed by human-like beings. However, Asimov’s three laws are better understood as a system of automated permissions; software code that prescribes and proscribes by way of architecture what people can and cannot do with robots. Understood in this sense, the actual prose of the three laws is really just an abstract ethical code for roboticists to guide their ***programming***. As such, the three laws are a precursor to an extremely powerful set of ideas made famous right around the bong of the new millennium by cyberlaw proponent Lawrence Lessig—that “code is law.”85

The basic strategy goes like this. Instead of exclusively developing ethical or legal norms of human conduct and imposing them on people in difficult situations (e.g., as expressed in IHL) have programmers install the rules directly into the operating systems of the machines as well, so that people simply cannot use the robots to carry out prohibited conduct. For example, in accordance with Asimov’s “first law,” if a human tried to enlist a robot to injure another person in a manner contrary to the first law, the robot would refuse, shut down, or otherwise render itself incapable of carrying out the command. It was never easy to convince or trick an Asimovian robot into wrongdoing. Asimov’s robots’ positronic brains were hardwired to do no evil.

Interestingly, the “three laws” approach of Asimov’s science fiction is very quickly becoming science fact in a growing field called roboethics.86 This is part of the approach adopted by Arkin et al., outlined above in Section II. Applying roboethics to a real-life military example, a robot sentry in an international conflict might be ***programmed*** to automatically disable when it identifies a civilian as the target of a mission. This is necessary in order to comply with IHL, which requires weapon systems to be able to discriminate between combatants and non-combatants.87 Arkin and other roboethicists believe that ethical ***programming*** of lethal autonomous robots in this way not only will assuage the Frankenstein Complex but, also, that by replacing human fighters with ethically ***programmed*** machines, we can in fact achieve civilized, more humane outcomes.

Of course, this was precisely the underlying vision of Asimov’s three laws. As Dr. Susan Calvin retorted in the following exchange with Stephen Byerley:88

Byerley:

You’re the U.S. Robot’s psychologist, aren’t you?

Calvin:

Robopsychologist, please.

Byerley:

Oh, are robots so different from men, mentally?

Calvin:

Worlds different. … Robots are essentially decent.89

By which she meant: ***programmed*** by humans so that they could not act otherwise.

Reifying Asimov’s science fiction, subsequent generations of roboticists actually believe that a careful integration of ethically ***programmed*** robots into combat would lead to civilized, more humane outcomes. Are Arkin et al. correct in thinking wars that involve more robots and fewer humans are better likely to comport with the ideals that undergird the international legal framework for just war? Alternatively, will an increasing automation and robotization of warfare be used, unjustifiably, to redefine what counts as “humane” according to international humanitarian norms?

To answer these questions, we begin the next part by briefly describing the relevant principles of IHL. Although the correct application of these principles is fundamental to lawful outcomes in the actual use of lethal autonomous robots, in our view, it is even more essential to understand IHL’s ***strategic*** framework for the regulation of emerging military technologies—the doctrine of technological neutrality. Part IV seeks to carefully unpack this doctrine in order to demonstrate its limitations.

**IV. IHL and the Doctrine of Technological Neutrality**

The history of humanitarian law is unquestionably tied to the development of new technology: as war technologies become increasingly advanced and capable of greater destruction, laws are put in place to limit that destruction.90 These laws have been conceived in two distinct streams: laws of general application that apply to all instances of warfare to ensure the imperative of humanity modulates how war is waged; and specific rules/laws that prohibit or limit the use of particular weapons, e.g. chemical and biological weapons. Within this framework, three key humanitarian principles are employed: (i) proportionality, (ii) distinction, and (iii) military necessity.

Proportionality requires that any collateral injury to civilians and private property during a military operation must be balanced against the military advantage to be gained by carrying out that operation.91 Distinction addresses the weapon’s capacity to distinguish between combatants and non-combatants. It requires that weapons and operational strategy select targets to minimize collateral damage.92 The final core principle, military necessity, is best explained by its own name: the attack must be militarily necessary, i.e., the state must only defend itself and seek to guarantee its future security in executing the military operation—nothing more.93 There are associated responsibilities to ***produce*** intelligence on the effects of the weapons used, the number of civilians that could be affected, and whether they could take cover before an attack.94

These well-known principles, understood in light of a broader principle of humanity, are meant to guide all tactical decision-making by a state engaged in an armed conflict. Adherence to these principles is designed to both minimize destruction during wartime and facilitate the peace building process after a ceasefire is reached: the hope is that reconciliation is made easier without malicious or indiscriminate attacks during the conflict. The critical legal question is usually framed in the same manner, irrespective of which weapon is selected: does the specific use comply with the above-mentioned principles?95

But this is not the only question.

We contend that it is even more important to consider how the introduction of lethal autonomous robots into battlespace might impact international humanitarian norms. Might the participation of lethal autonomous robots in a war alter the norms of IHL?

To better comprehend this possibility, we offer an analytic suggestion. IHL can be understood as adopting a particular ***strategic*** framework for the regulation of emerging military technologies. This approach is known in other disciplines as the doctrine of *technological neutrality*.96 Rather than implementing sector specific rules or laws that are tailored to the functionality or capabilities of particular technologies, IHL rests on a set of foundational principles.97 These principles are said to be “neutral” with respect to any given technology. On this approach, military technologies are not regulated categorically or by class but through a determination of whether a particular implementation or use conflicts with the underlying principles of IHL.98 Consequently, a military technology will only be limited or restricted if the manner in which it must be used or the results that it achieves is in conflict with international humanitarian principles.

The underlying approach has been successfully adopted in the regulation of other technologies. In the context of electronic commerce, technological neutrality refers to statutory tests or guidelines that do not depend upon a specific development or state of technology, but rather are based on core principles that can be adapted to changing technologies. Since technological change is constant, standards created with specific technologies in mind are likely to become outdated as the technology changes.99

Consequently, the standards adopted are deemed to be technology-neutral. In other words, the same standards can then be applied across a range of technologies. From a regulatory perspective, employing generic regulations will prove more efficient as it will avoid modifying its entire policy position when the passage of time inevitably delivers new technologies.100 This ensures not only a non-discriminatory approach that treats different technologies equally when creating regulations themselves, but also a sustainable approach to law making that will prevent frequent revisions or laws based around particular technologies.101

In an effort to avoid reinventing the legislative wheel for each and every emerging technology, the doctrine of technological neutrality, as a policy objective, tells us that we ought to guide our laws not by the technological state of the art but on the basis of sound legal judgments about the underlying functions that the various relevant technologies aim to achieve. While policymakers in electronic commerce law have enjoyed success in relying on this doctrine to date,102 it is instructive to consider why technological neutrality might not be well suited for at least some emerging technologies.

Consider an example from the field of data protection (which also currently relies on technological neutrality as a guiding principle). Rather than making a separate privacy law for video rental records, another for surveillance cameras, yet another for facial recognition systems, and still another for social network sites, etc., the global approach to data protection has been to develop a core set of functional principles that are meant to adapt to various technologies which will emerge over time. Consequently, most domestic privacy laws are derivative of a set of eight such principles, first articulated by the Organization for Economic Cooperation and Development in the 1980s.103 Focusing on fair information practices like collection limitation, purpose specification, use limitation and the like, the flexibility of privacy law’s technology-neutral approach has been quite remarkable in its ability to regulate data collection, use, and disclosure across an array of technologies not previously anticipated when the data protection principles were themselves first enunciated.

Despite its success to date, technological neutrality is no panacea. More recently, disruptive technologies have begun to emerge that undermine or otherwise turn-on-its-head one (or more) of data protection’s core regulatory principles. For example, *ubicomp*—a set of sensor networks and automating technologies devised to eliminate the need for human interaction during a series of information transactions104—disrupts the general data protection requirement of “knowledge and consent” in the collection, use or disclosure of personal information. The practical impossibility of obtaining regular and meaningful consent for every *ubicomp* transaction may result in the need for some new sector specific regulatory approaches, should our society fully embrace the model of ubiquitous computing. As we suggest below, a similar need may arise in IHL in the case of lethal autonomous robots. Put colloquially, some technologies change the game.

The basic assumption105 of the doctrine of technological neutrality is further problematized when it is reduced to the more general proposition that technologies are themselves neutral. This form of technological neutrality treats technological tools as value-free empty vessels, ready to fit the uses of their users.106 “Guns don’t kill people,” goes the maxim. “People kill people.”

Although not frequently consulted in the literature on military technology and IHL, STS has had much to say about this second form of technological neutrality. As Neil Postman so eloquently put it, Embedded in every technology there is a powerful idea, sometimes two or three powerful ideas. Like language itself, a technology predisposes us to favor and value certain perspectives and accomplishments and to subordinate others. Every technology has a philosophy, which is given expression in how the technology makes people use their minds, … in how it codifies the world, in which of our senses it amplifies, in which of our emotional and intellectual tendencies it disregards.107

Despite the very compelling work of Langdon Winner and so many others in the field who have sought to demonstrate that artefacts have politics,108 we continue to “disregard the fact that many technologies determine their own use, their own effects, and even the kind of people who control them. We have not yet learned to think of technology as having ideology built into its very form.”109 To retell one of the best and most famous examples from the literature, let us consider in some detail the automatic mechanical tomato harvester, a remarkable device developed by ***agricultural*** researchers at the University of California in the late 1940s.

Most people would ask: could something as straightforward as a mechanical tomato combine really have an ideology built into its very form?

The mechanical tomato combine cuts the plant from the ground, shakes the fruits loose, and—in newer models—sorts the fruits by size. In order to accommodate the shaking, scientists have bred new varieties of hardier, sturdier, and less tasty tomatoes. The machine replaced the handpicking system wherein human harvesters went through the fields multiple times to pick ripe tomatoes and leaving unripe fruits for later harvest. The machines reduce the cost of tomatoes by $5–7 per pound. The cost of these machines (~$50,000) means that only highly concentrated forms of tomato farming can afford this type of harvesting. Consequently, with the advent of the combine, the number of tomato farmers dropped from ~4,000 in the early 1960s to ~600 in 1973. An estimated 32,000 jobs were lost as a direct result of mechanization.110

Winner contends that the broad adoption of the mechanical tomato harvester ultimately shifted the norms of tomato farming in California and, indeed, the nature of the tomato itself. His observations offer interesting insights that can be applied to our considerations about the future military adoption of lethal autonomous robots, and its implications for the norms of IHL and the nature of war itself. But, before delving further into that, let us first take a more careful look at Winner’s analysis by imagining a corollary set of norms that would seek to regulate farming (and its environmental impact) by similar means.

We can imagine an environmental farming law that employs principles similar in nature to IHL. Eco-just farming might entail that those engaged in farming must likewise adhere, *mutatis mutandis*, to principles of: “proportionality,” “distinction,” and (let’s call it) “***agricultural*** necessity.”

The principle of distinction therefore requires that acts of farming should be directed only to ***agricultural*** products and not non-***agricultural*** vegetation subsisting in its natural environment.

We can imagine entrenching these corollary norms as a means of safeguarding the environment against the potential evils of modern ***agriculture***. And yet it is not difficult to see that the outcomes described by Winner would be reproduced. If we can assume that the means by which the harvester is employed does not implicate other non-***agricultural*** vegetation subsisting in its natural environment (Winner did not discuss this), the adoption and use of the mechanical tomato harvester would easily be justified in terms of its ***agricultural*** necessity and said proportionality.

The ***agricultural*** necessity principle, in this context, requires that an ***agricultural*** ***intervention*** must be intended to help achieve an ***agricultural*** objective and the resulting ecological harm must be proportional and not excessive in relation to the concrete and direct ***agricultural*** advantage achieved through the ***intervention***. In this case, the ***agricultural*** need to feed many people in and outside of California is met through the enormous increase in yield, the significant reduction in cost, and the incredible overall efficiency in tomato production. Meeting ***agricultural*** objectives in this way would be understood as a social benefit that eclipses any sacrifices to the marginal practice of rural ***agricultural*** culture. Applying the Doctrine of Double Effect,111 since the foreseeable harm to rural ***agricultural*** practice was inextricably intertwined with the ***agricultural*** objectives of increased productivity, efficiency, and cost-effectiveness in the harvesting process, and since the introduction of the mechanical tomato harvester was primarily intended to achieve these overall goods, its adoption will be justified.

Proportionality, in this context, requires that any ecological harm during an ***agricultural*** operation must be balanced against the anticipated ***agricultural*** advantage gained by carrying out that operation. Recall that proportionality requires that an ***agricultural*** ***intervention*** seeking to fulfill an ***agricultural*** objective must not be undertaken if the ecological harm is known to outweigh the anticipated ***agricultural*** advantage. As is often the case, the harms cannot be measured until the technology is in place. Once it is in place, we are no longer talking about some neutral cost-benefit analysis. The very adoption of this cumbersome and expensive machine system, the layoff of crew-upon-crew of farm workers, the reconfiguration of farmland, etc., are themselves an assertion of a political preference for one set of values (productivity, efficiency, cost-effectiveness) over another (homegrown, authentic, domestic). The introduction of the mechanical tomato harvester is an assertion of one way of life and the negation of another.

This is perhaps most evident in the ultimate effect of the tomato harvester. Here, we are not merely referring to the displacement of a set of rural ***agricultural*** practices or the reshaping of social relations in tomato production but, in fact, to an entire way of being in the world. We are referring to the transformation of the tomato itself.

Through a sleepy haze, we almost need to remind ourselves: what was the original ***agricultural*** objective in introducing the mechanical tomato harvester?

Upon wakeful reflection, the objective was to *better harvest* tomatoes, which, it turns out, is a completely different goal than to harvest *better tomatoes*. The only shortcoming of this otherwise incredible ***agricultural*** device was that it could not handle soft, juicy (delicious) tomatoes. The introduction of this technology necessitated plant breeders to come up with “new varieties of tomatoes that are hardier, sturdier, and less tasty than those previously grown.”112

Asleep at the switch, we practically forget that by permitting this technology we also permit it to determine its own use.

Shielded by the conviction that technology is neutral and tool-like, a whole new order is built – piecemeal, step by step, with the parts and pieces linked together in novel ways – without the slightest public awareness or opportunity to dispute the character of the changes underway. It is somnambulism (rather than determinism) that characterizes technological politics … Silence is its distinctive mode of speech.113

It is because of this propensity towards technological somnambulism that, during and after the proportionality analysis, we tend to be dozy in recognizing that the entire balancing act was essentially dictated by the characterization of the objectives and the perceived “necessities” of the situation. “We *need* a new form of tomato,” the engineer later tells us. Of course, this was not originally an ***agricultural*** necessity—but it became *perceived* as such just as soon as the social investment in mechanical tomato harvesters was made. Technology can shape our perceived needs. So much the worse for tasty tomatoes.

It is in this sense that technology is not neutral and can be used (if we let it) to reshape social norms. As Winner was so clear to point out, this observation does not entail technological determinism.114 Rather, it recognizes *that what technology makes possible has the power to generate in our minds what may later be perceived of as necessary*. But only as a result of the adopted technology, which subsequently permits (but does not necessitate) the cart to drive the horse. How else would it seem necessary to ***produce*** a kind of tomato that never before existed? The so-called ***agricultural*** necessity for a new tomato is not solely the consequence of adopting the mechanical tomato harvester. The ability to see the new tomato as an ***agricultural*** necessity is only perfected when plant breeders actually invent a technique for creating one.

At the same time, technology can also induce a related form of dogmatic-slumber115 that permits another crucial fallacy to occur—an illogical inversion of Kant’s famous insight that “ought implies can.”116 Through a strange form of grammatical alchemy we mistakenly come to believe that because the technology makes something possible, it also makes it necessary. *Our perceived needs are thereby (re)shaped by our sense of what is possible*. This propensity is crucial to remember in the application of balancing provisions. *How technology shapes our perceptions will have a significant effect on our understanding of what is proportional and the means by which we apply principles like* ***agricultural*** *necessity*.

Applying Winner’s example to the military context will further assist in demonstrating the limitations of the doctrine of technological neutrality. Returning to where we began, Star Trek’s computer-fought war provides a compelling illustration.

In keeping with the general approach of IHL, computer simulated (virtual) warfare will be understood as neutral in two senses. First, virtual war is not currently subject to specific international agreements that prohibit or limit its use and will therefore be treated exactly the same as any other technology subject to the laws of general application—despite its horrific implications.117 Second, assuming that the virtual war machines are properly ***programmed*** to discriminate between combatants and non-combatants and that the algorithm for determining who is killed by way of collateral damage is unbiased (if not random), it might plausibly be claimed that virtual war machines are value-neutral in the sense that they are disinterested in the particular outcomes of computerized battle.

The military necessity requirement would be regarded as fulfilled on the basis that virtual battle is understood to be the only way to prevent the phenomenal devastation of actual battle. Citizens who perceive virtual war as a military necessity will claim that those identified by the computers as casualties have a moral and legal duty to report to the disintegration machines.

The proportionality calculus would generate a similar outcome. Once the technology is in place, the painless death of a fraction of the population, fairly chosen, would be regarded as outweighing the physical disaster, loss of property, loss of knowledge and culture, disease, displacement, pain, anguish, starvation, etc. that would otherwise be suffered by two entire civilizations engaged in an all-out interplanetary war.

Like the ironic effect of the tomato harvester on the tomato itself, the politics of computerized battle is perhaps most evident in its transformation of the very nature of war. One must recall that the original military objective of computer-fought war was to remove human beings from the realm of harm. And yet we see the outcome in fact increases the ambit of harm immensely by creating a culture of fear in a society plagued by a persistent state of war, constantly subject to the threat of imminent, needless death. To Captain Kirk, and anyone else in a position to see beyond the perceived necessity of the circumstances, the death-by-disintegration of millions each year is tragically evitable. One can almost imagine Kirk appropriating Langdon Winner’s great line: “It is somnambulism (rather than determinism) that characterizes [Eminiar Seven’s] technological politics.”118 Wake up!

“But, we *need* to build disintegration machines,” one imagines the architects of virtual war retorting. Of course, disintegration machines were not originally a military necessity. But they became perceived as such just as soon as the social investment in virtual warfare was made. The Star Trek example reaffirms that what technology makes possible has the power to generate in our minds what may later be perceived of as necessary. After all, it is extremely difficult to imagine the citizens of Eminiar Seven and Vendikar embracing the duty-to-be-disintegrated if they hadn’t already viewed computer-fought war as a military necessity. This example reminds us, once again, that how technology shapes our perceptions will have a significant effect on our understanding of what is proportional and the means by which we apply principles like military necessity.

In the following part, we shift our focus back to the interaction between lethal autonomous robots and the norms of IHL. First, we consider in general the normative pull of military technologies, arguing that the mere introduction of some military technologies can actually alter prior norms and practices. Second, we attempt to show how shifting battle norms might occur through the introduction of lethal autonomous robots. We argue that robotic technologies act as a force multiplier in the determination of military necessity, thus amplifying the amount of permissible destructive force in carrying out an operation.

**V. Lethal Autonomous Robots and the Norms of IHL**

**1 The normative pull of military technologies**

While roboethics and the prospect of ***programming*** lethal autonomous robots to comport with international law are fascinating and fast emerging fields of study, an important but less well understood line of enquiry examines how international humanitarian norms are influenced and implicated through the adoption and use of military technologies.

Like the advent of the mechanical tomato harvester in rural Californian ***agricultural*** communities discussed above in Part IV, the introduction of a new military technology can reshape norms within military culture. Consider, for example, shifting standards in submarine warfare.119 Humanitarian ideals have long informed the norms of naval warfare between surface vessels. Conflicts on the high seas were accompanied by standard responsibilities that aimed to preserve humanity in any altercations.120 For example, military vessels were prohibited from attacking merchant ships and were instead required to capture and escort merchants to port. Likewise, after a naval battle, the successful vessels were required to rescue survivors by bringing them aboard.121 The 1930 London Naval Treaty and its 1936 successor codified the law in this area.122

The historical example of the submarine illustrates the vulnerability of technological neutrality: as norms evolve and nations point to state practice to justify actions that stray away from—or are even in direct contravention of—international agreements, such conventions run the risk of becoming “blue law.”123 Customary international law may purport to fill this vacuum; yet since international law depends on the development of norms based on the behavior of sovereign nation states, law can be transformed by a collective omission or new practice. And this can be achieved through the introduction of a new technology that “forces” new practices.

The 1936 London Naval Protocol reaffirmed that submarines had the same duties as surface vessels.124 Consequently, submarines had a responsibility to comport with the longstanding obligations imposed on ships.125 Attempting to follow these rules was not only impractical for submarines but also had the effect of imposing near impossible responsibilities. Lacking comparable crews to surface vessels, accompanying a merchant ship to port was not something submarines could feasibly do. Moreover, during World War II, German submarines were relegated to great depths for both their own safety and strategy since the Allied Forces controlled the surface.126 Even if a submarine were to surface after a battle, the space constraints in a small cabin scarcely large enough for the existing crew and machinery meant that taking on two or three more people was out of the question.127

The most fundamental incompatibility between submarine operation and the constraints imposed on surface vessels went to the core of naval strategy: submarines were intended for stealth. They were used in situations where stealth was paramount. Surfacing would negate the defined military objective for which they were deployed. Before long, in the tumultuous context of World War II, any assumption that submarines would comport with the Second London Naval Treaty disappeared. Accordingly, the treaty fell into disuse. New norms around the behavior of submarines emerged that were based on the way submarines were already being used in warfare. These norms were predicated—at least in part—on the way the technology had been designed.

Although the submarine did not unilaterally undermine the humanitarian requirements of the high seas, the very design of submarine technology did determine its own use with respect to those rules. Though such an outcome may well have been serendipitous (it is not like submarines were purposefully built to get around these rules), this example illustrates that international humanitarian norms can indeed be circumvented by design. In at least some instances, a state could avoid humanitarian obligations by implementing a technology that is said to fulfill an important military objective whose very operations would be undermined by complying with the norm.

Jane Gilliland cautions, “the law of armed conflict for submarines subrogates military necessity to humanitarian goals, and in so doing threatens the achievement of the humanitarian goals it seeks to protect.”128 The submarine example showcases how the advent of new technology may sculpt international norms into what is easily practicable when the technology employed becomes the new widespread practice. Since customary international law is formed in part by state practice, this is troubling. The codifications that later occurred took into account the practices that had already unfolded on the battlefield. Failing to account for technological change thereby weakens the staying power of the codification of international law.

Of course, one could also imagine a very different and much more humane historical outcome for the submarine. The fact that submarine vessels cannot easily rescue overboard combatants (who likely came to be that way because of the torpedo fired at them by the submarine) might just as easily be understood as a reason against their deployment rather than a reason in favor of excusing submarines from otherwise enforceable humanitarian obligations. In part, what history tells us is that the case in favor of military necessity is a strong one and that the technologies said to be necessary in carrying out important military objectives are not easily interfered with.

**2 Lethal autonomous robots as a force multiplier of military necessity**

Both the submarine and the mechanical tomato harvester were game changers in terms of what was subsequently seen as necessary and proportional in naval battle and tomato ***agriculture***. The basic mechanism in each case was previously explained in Part IV above: when a disruptive technology changes the nature of what is possible, it also expands the scope of inclusion for what can prospectively be perceived of as “necessary.”129 The consequences of this for international law are significant. If norms can be shifted in a manner mandated by the technology, then its potential to transform international law—*where practice becomes principle*—is enormous.

The power to induce a shift in norms in this way has led many academics to register concern about technology’s influence over international law. Colin Picker expresses his worry as follows: Perhaps most problematic is the [fact] that technology is a determinate force that acts as an invisible hand creating, shaping and destroying international law. Failure to handle such a powerful force will result in policy makers essentially abdicating the international regime to technology.130

With many references peppered throughout his article to “the invisible hand of technology,”131 Picker seems at first blush to be suggesting that the appropriate underlying philosophical worldview for international law is technological determinism—the idea that technology determines social outcomes.132 Picker later explicitly denies this, claiming: “I am not arguing, however, in favor of technological determinism. Technological determinism implies a stronger and more comprehensive relationship between technology and international law than I would assert exists. Policy makers [*sic*] can ignore technology, but at a tremendous cost.”133

Our position is somewhat different. To us, it is not as though the invisible hand of technology magically removes all other social outcomes or possibilities, or that “it” somehow punishes those who do not respond accordingly with heavy costs. Rejecting Picker’s strange metonym, we contend that certain social uses of technology can reconstitute our perceptions so that we will not easily experience other existing possibilities.134

It is perhaps trite to say that international law was intentionally constructed to provide an extremely flexible framework.135 Picker’s more interesting claim is that a primary reason for doing so is to accommodate the protean nature of technology. Like the more recent technology-neutral frameworks used in electronic commerce and data protection law (both of which are derived domestically from international models), the core design of IHL is consistent with promoting, rather than restricting innovation. On this approach, we do not restrict innovation, only particular uses of it. While the technology in question is itself conceived of as neutral, the framework said to regulate it is not: it is designed to encourage and accommodate the overall use of technology.136

When value-neutral approaches are applied to deeply value-laden technologies, the results can be disingenuous. The four *Geneva Conventions* underlying IHL, which codified existing customary international law, were concluded in 1949. Animating this process was not only the aftermath of WWII, but the specter of weaponization in the newly arrived nuclear age. The process was concluded on August 12, 1949, less than a month after the then-USSR test detonated its first nuclear weapon.137 Yet, efforts to categorically prohibit such weapons of mass destruction were met with resistance. Unlike previous consensus over combat gases and biological weapons, the international community was unable to establish the political will to prohibit the development of nuclear arsenals.138

It was not surprising—in the golden age of technological neutrality139 – to see that very approach adopted by the International Court of Justice (ICJ) in its *Advisory Opinion on the Legality of Nuclear Weapons*.140 The ICJ was resistant to the idea that one technology could be expressly forbidden and instead clung to the precepts of international law: the weapon itself was not illegal; the acts that could be committed with that weapon were illegal.141 And provided the weapon was used in a manner that satisfied the legal test for proportionality, distinction, and military necessity, there was no need to outlaw it outright.

Despite the inherent flexibility of IHL, it is still difficult to imagine circumstances in which the use of a nuclear weapon could satisfy humanitarian norms. Nuclear weapons will, in their present form, be consistently unable to discriminate between civilians and combatants. Accordingly, any use of a nuclear weapon that satisfies the criterion of distinction would be an operation calculated to annihilate an entire area. As we have seen, such an act is clearly inhumane and almost certainly disproportionate to any act it purportedly responds to.142 Moreover, and perhaps even more troubling, allowing a nuclear weapon to remain within the *arsenal of possibility* might permit its use to be justified prospectively under the guise of military necessity in subsequent situations. As Judge Higgins describes in the *Nuclear Weapons* decision, questions of numbers of casualties or inflicted suffering “must be resolved as part of the balancing equation between the necessities of war and the requirements of humanity.”143

With all of this, we see that the framework for balancing international humanitarian norms is sufficiently malleable to permit destruction and lethal force. While it is true that any military action must be constrained within the parameters of a proportional response, the overall potential for destruction is unquestionably augmented by the existence of certain destructive and lethal technologies with advanced capabilities.

As an illustration, let us imagine these norm-conflicts along a continuum. At one end of the continuum are outcomes premised solely on humane or humanitarian grounds (the principle of humanity). At the other end are outcomes that focus exclusively on carrying out destructive or lethal military objectives (the principle of military necessity). Somewhere in the middle, where these two norms are in direct conflict, the adoption of a new technology is often sought as a military solution.144

But the introduction of such a technology is often (to use a military metaphor) a “force multiplier”145 of military necessity. As we have suggested, the ability to capitalize on military possibilities created by such technologies raises the stakes in terms of possible military objectives and operations that were unfathomable prior to the emergence of the technology. This allows us to “sleepwalk” towards a perspective that sees various uses of these technologies as a military necessary for resolving present and future armed conflict, even if they result in more death and destruction.

There is an interesting connection here between the concept of military necessity and the worldview of technological determinism that we reject. If one listens closely to the justifications often given in support of the military necessity in the use of a particular technology, there is a false strand of determinism running through it. The ICJ commits this very fallacy in contemplation of a situation wherein a State’s “very survival would be at stake,” anticipating that nuclear weapons may be the only recourse in “an extreme circumstance of self-defence.”146 It is this deterministic thread built into the very fabric of military necessity that makes it a force multiplier.

How might this show itself in the case of lethal autonomous robots?

In its most utopian form, military robotics seek to remove humans from battlespace, anticipating fewer people fighting and fewer casualties. In almost all conceivable situations, however, casualties would remain—it is only friendly casualties that are reduced by replacing one side’s soldiers with robots. Failing to acknowledge this reality risks callousness in attack. Either way, the existence of lethal autonomous robots will surely be a force multiplier of military necessity in terms of the general military objective of reducing friendly casualties. “If we have expendable mechanical mercenaries that we can send into battle instead of our children, how could we *not* do so?”

Of course, once we do so, the use of lethal autonomous robots will have a profound effect of lowering the threshold for entry into war: war will be (domestically) perceived of as easier both politically and logistically if there are fewer people involved. Fewer soldiers need to be recruited; fewer deaths have to be justified to win public support of the war effort, fewer injuries, less property damage, etc. As Captain Kirk astutely observed in the case of virtual war: Death, destruction, disease, horror. That’s what war is all about, Anan. That’s what makes it a thing to be avoided. You’ve made it neat and painless. So neat and painless, you’ve had no reason to stop it.147

As Kirk identifies, computer-fought war has a double effect: it impacts the traditional *jus in bello* rules for a fair fight on the battlefield while the capacity of the technology simultaneously influences a nation’s political decision to go to war. The same can be said for a robot-fought war.148 Again, one can view this as a force multiplier of military necessity. “If we have robots on the ground that can carry out an important military operation with few or no friendly casualties, why *wouldn’t* we engage the enemy on this mission?”

Since lethal autonomous robots will still interact with human military collaborators, the force multiplier of remote controlled warfare can also have individual psychological effects on the soldiers engaged in it, increasing sympathy for military objectives and military necessity by minimizing our empathy regarding circumstances no longer seen through the lens of humanitarian ideals.149 Today’s warriors often fight from some cubicle, operating aircraft remotely, and developing a “Playstation mentality” with regard to the waging of war.150 Recent YouTube footage of Predator drone attacks set to music and shared and celebrated amongst soldiers online, further distances the acts from the actors.151 Increasing both the physical and psychological distance between soldiers and their targets not only dampens respect for human life—it also makes it easier to follow military objectives, especially those perceived of as necessary. After all, those being killed are only ever encountered as pixels on a screen.

This asymmetric element of robotic warfare is not only dangerous; it also conceptually challenges the foundations of war by skewing the balance between humanitarian ideals and military necessity. Doesn’t the very nature of conflict change if one side’s soldiers are never actually in danger? It is already the case that an American soldier can serve an entire tour of duty in Afghanistan or Iraq, work 16-hour days, and still eat lunch every day at Carl’s Jr. just outside the gates of his or her Nevada Air Force base.152 While it may be appealing to imagine being at war with an enemy without experiencing casualties, it also solicits a larger question: if one side has no people in harm’s way, is it truly a war?153 And, more to the point for present purposes, without a significant level of human investment, will that side be able to see, understand, and inculcate the humanitarian norms in tension during battle? The advent of lethal autonomous robots has the potential to greatly exacerbate these risks in a manner that could be profoundly destabilizing to the framework of armed conflict.

**VI. Evitable Conflicts, Inevitable Technologies?**

We have suggested that it is crucial to recognize the philosophical underpinnings and implications of IHL’s purportedly technology-neutral approach. Though this framework treats each technology under consideration as though it is neutral, we have engaged science fiction and STS literature to demonstrate that the current framework uncritically and unquestioningly encourages and accommodates the development and use of emerging technologies. We believe that a failure to recognize and unpack the values embedded into the design of the framework itself, let alone those embedded in the robotic technologies under consideration, can lead to a mistaken and deterministic mode of thinking that fallaciously treats unjustifiable, lethal operations as though they are a military necessity. We have offered a possible explanation for how this might occur: when a disruptive technology changes the nature of what is possible, it also expands the scope of inclusion for what can prospectively be perceived of as “necessary” in carrying out (military) objectives.

Asimov, whose predominant vision of robotics provides the blueprint for first generation lethal autonomous military robots, was astutely aware of the means by which robotic technology can reshape our perceptions of what is necessary. He wrote about this many times within the Robot Series, most intelligently in a short story titled, “The Evitable Conflict.”154 And, yet, his staggering insights have fallen off the radar of those engaged in today’s policy debates about the implications of using lethal autonomous robots in battle.

Written in 1950, “The Evitable Conflict” imagines a global economy that relies (literally and figuratively) on a *deus ex machina* solution to the problems generated by a robot society. As World Coordinator, Stephen Byerley described it: The ending of every other problem had merely given birth to another. Our new worldwide robot economy may develop its own problems, and for that reason we have the Machines. The Earth’s economy is stable, and will remain stable, because it is based upon the decisions of calculating machines that have the good of humanity at heart through the overwhelming force of the First Law of Robotics.155

In a policy discourse virtually identical to today’s real life discussions about delegating military operations to lethal autonomous robots, the society Asimov asks us to imagine has recognized that machine performance outstrips human thinking and doing on a number of fronts. In an effort to avoid *perceived* inevitable conflicts, such as war (famine, poverty, unemployment, pollution, destruction, etc.), key global economic and political decision-making is delegated to highly capable, utilitarian “Machines” designed to maximize human happiness. As a result, the world’s population has come to witness no unemployment, no overproduction, no shortages, etc. Waste and famine are now merely words in history books. “And so the question of ownership of the means of production becomes obsolescent. Whoever owned them (if such a phrase has meaning), a man, a group, a nation, or all mankind, they could be utilized only as the Machines directed. Not because men were forced to but because it was the wisest course and men knew it.”156 Humankind has placed its faith in the Machines.

As Murphy’s Law157 would *only seem* to have it, the plot subsequently depicts various high level (human) personnel discovering that something has very badly gone awry, that the Machines have been “off” in their calculations. Of course, this should not be possible since the Machines’ positronic brains are hardwired to follow the three laws. Consequently, World Coordinator, Stephen Byerley, is charged with investigating what has gone wrong. He consults each of the four Regional Coordinators and then Dr. Susan Calvin, robopsychologist at US Robots and Mechanical Men Inc.

After rejecting various hypotheses proposed by the Regional Coordinators regarding Machine-failure, Byerley discusses with Calvin the possibility that the Machines have been tampered with by the “Society for Humanity”—a small but powerful group, “who feel themselves strong enough to decide for themselves what is best for them, and not just to be told [by robots] what is best for others.”158

After entertaining Byerley’s suspicions, Calvin assures him that the Machines are several steps ahead of the game and that the Machines must have purposefully allowed the Society’s plots, creating just enough turmoil so that the Society might destroy itself.

… It is not the “Society for Humanity” which is shaking the boat so that the Machines may be destroyed. You have been looking at the reverse of the picture. Say rather that the Machine is shaking the boat – *very* slightly – just enough to shake loose those few which cling to the side for purposes the Machines consider harmful to Humanity.159

Thus, despite the protections supposedly afforded by the three laws, Byerley and Calvin come to recognize the unintended consequences of delegating key human decision-making to the Machines. In spite of the first law or—rather, *not* in spite of it—the Machines purposely skewed certain economic results, knowing that the humans, perceiving error, would attempt to “override” machine-based decisions. In other words, the Machines were intentionally ***producing*** “perceived errors” as a preemptive set of corrective measures for their correctly predicted human errors.

Given that even the cleverest attempts to overthrow the Machines only result in more data for the Machines to consider, the Machines ultimately twist the first law in order to assume total control over all humanity—this being the Machines’ interpretation of “not allowing human beings to come to harm.” “But you are telling me, Susan, that the ‘Society for Humanity’ is right; and that Mankind *has* lost its own say in its future.”“It never had any, really. It was always at the mercy of economic and sociological forces it did not understand – at the whims of climate, and the fortunes of war. Now the Machines understand them; and no one can stop them, since the Machines will deal with them as they are dealing with the Society, – having, as they do, the greatest of weapons at their disposal, the absolute control of our economy.”“How horrible!”“Perhaps how wonderful! Think, that for all time, all conflicts are finally evitable. Only the Machines, from now on, are inevitable!”160

Asimov imagines that delegation of decision-making to the Machines can in fact render war and human strife “evitable.” However, he suggests that transforming the deep nature of such conflicts comes at a tremendous cost—rendering human dependency on the Machines “inevitable.”

Hence, for Asimov, the inevitable becomes evitable, and the evitable, inevitable.

Such perceptual transformations, we posit, are not limited to science fiction.

**Notes**

FundingThe author wishes to extend his gratitude to the Social Sciences and Humanities Research Council and the Canada Research Chairs ***program*** for the generous contributions to the funding of the research project from which this article derives.; 1.[*http://www.chakoteya.net/StarTrek/23.htm*](http://www.chakoteya.net/StarTrek/23.htm) Star Trek: A Taste of Armageddon, unofficial transcript (NBC television broadcast, 21 July 1967).; 2.Indeed, some Star Trek fans postulate that the historical Aztec “flower wars” inspired the episode: A Taste of Armageddon. [*http://en.wikipedia.org/wiki/A\_Taste\_of\_Armageddon*](http://en.wikipedia.org/wiki/A_Taste_of_Armageddon) Wikipedia, the Free Encyclopedia. The Aztec flower wars did not involve battle in the usual sense. Instead, the Aztecs entered into an agreement with the Tlaxcalans to have ritual battles called xochiyaoyotl, the goal of which was not taking land, conquest, or death of the enemy, but simply to capture prisoners with whom each side could engage in ritual sacrifice. Not unlike the fictitious Eminiar and Vendikar civilizations, the Tlaxcalans prisoners volunteered themselves for ritual sacrifice: Hassig, *Aztec Warfare: Imperial Expansion and Political Control* (2005). In a Special Edition Extra for the Sci-Fi Channel, William Shatner suggests that the plot is also a metaphor for the sacrificial conscription of US soldiers in the controversial Vietnam war, which was in full swing at the time of broadcast: [*http://www.youtube.com/watch?v=CbmcVn5eHXU*](http://www.youtube.com/watch?v=CbmcVn5eHXU) A Taste of Armageddon Star Trek Sci-Fi Channel Special Edition Extras, YouTube (April 5, 2010).; 3.*Dulce et decorum est pro patria mori*—“It is sweet and fitting to die for one’s country”: Horace, Odes (III.2.13).; 4.Voicing contrary opinions, there seem to be at least a few amongst the trekkies who think this episode was not one of the more glorious episodes that the original Star Trek had to offer: [*http://www.imdb.com/title/tt0708414/reviews*](http://www.imdb.com/title/tt0708414/reviews) Bogmeister, Not a Fan, IMDB. (17 July 2006); [*http://www.kethinov.com/startrekepisodes.php?id=172%20%E2%80%93%20this%20episode%20received%20a%204/10*](http://www.kethinov.com/startrekepisodes.php?id=172%20%E2%80%93%20this%20episode%20received%20a%204/10) Star Trek TOS- 1x23- A Taste of Armageddon; [*http://www.avclub.com/articles/the-return-of-the-archons-a-taste-of-armageddon,25813/*](http://www.avclub.com/articles/the-return-of-the-archons-a-taste-of-armageddon,25813/) Z. Handlen. “The Return of the Archons”/“A Taste of Armageddon”, The A.V. Club, (27 Mar. 2009).; 5.Or with fewer or weaker robots.; 6.The investment and speed with which certain technologies are adopted is often jump-started by war. Singer cites a DARPA report that predicts the war on terrorism will do for military robotics what World War I did for Ford’s Model T: in 1908, there were just 239 Model T cars sold but by 1918, there were over one million. Similarly, a defense consultancy called the Teal Group, which specializes in forecasting financial trends in war, expects worldwide spending on unmanned planes and computer-guided missiles to exceed $103.7 billion by 2016. Peter W. Singer, *Wired for War: The Robotics Revolution and Conflict in the Twenty-First Century*, eBook: (2009), p. 138.; 7.Roboticist Ronald Arkin at Georgia Tech is a well-known advocate for the advantages of robot warfare: R. Arkin, “The Case for Ethical Autonomy in Unmanned Systems”, *Journal of Military Ethics* 9 (2010), p. 332. John Canning makes similar arguments: J. Canning, “A Concept of Operations for Armed Autonomous Systems”, Presentation to the 3rd Annual Disruptive Technology Conference, 6–7 Sept. 2010, at Washington, DC. The US military has employed ethicists and physicists including Patrick Lin and George Bekey to project just how advantageous advanced robotic armies could be: [*http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697*](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697) P. Lin, G. Bekey & K. Abney, “Autonomous military robotics: risk, ethics, and design”, Report for US Department of Navy, Office of Naval Research (2007).; 8.In his book, *War X*, Tim Blackmore considers whether it is time for humans to leave what he terms “battlespace”: T. Blackmore, *War X: Human Extensions in Battlespace* (Toronto: University of Toronto Press Inc., 2005).; 9.R. Arkin, P. Ulam & A. Wagner, “Moral Decision Making in Autonomous Systems: Enforcement, Moral Emotions, Dignity, Trust, and Deception”, *Proceedings of the IEEE Special Issue on Interaction Dynamics at the Interface of Humans and Smart Machines*, 100 (2011), 571.; 10.[*http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697*](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697) P. Lin, G. Bekey & K. Abney, “Autonomous military robotics: risk, ethics, and design”, Report for US Department of Navy, Office of Naval Research (2007), p. 56.; 11.Semi-autonomous robots have not departed completely from the standard of “human in the loop,” but delegate increasing amounts of decision-making authority to the robot. Examples of this technology include modern iterations of drones, which operate independently and receive only destination coordinates from transmitters. Op. cit. p. 105.; 12.R. Arkin, “Governing Lethal Behavior: Embedding Ethics in a Hybrid Deliberative/Reactive Robot Architecture”, Technical Report GIT-GVU-07-11 (2007), p. 4.; 13.Torpedoes were one of the first technologies to self-select their targets, to some degree. American mathematician John Von Neumann and a team of engineers designed a torpedo that received feedback from its environment—much like a household thermostat—to home in on its destination: D’Amato, “International Law as an Autopoietic System,” in R. Wolfrum and V. Roben (eds), *Developments of International Law in Treaty Making* (Berlin: Springer, 2005), p. 10.; 14.Cruise missiles employ GPS technology to guide the missile to its target. The discovery of GPS was exalted more for its potential impact on weapons-guidance than for any other application. Modern cruise missiles combine GPS with additional feedback systems to confirm targets. Puckett, “In This Era of Smart Weapons, Is a State Under a Legal Obligation to Use Precision-Guided Technology in Armed Conflict?” *Emory International Law Review*, 18 (2004), 657.; 15.Predator drones, a type of unmanned aerial vehicle, are one of the most well-known robotic weapons. About 27 feet in length, Predators resemble “baby planes” although they do not have cockpits. Predators are lightweight as they are constructed from composite materials, are less expensive than other military aircraft, and become a lethal stealth operator when equipped with Hellfire missiles. In their first year of operation by the American military, Predators fired missiles at 115 targets in Afghanistan. Singer, *Wired*, pp. 81–90.; 16.R. Sparrow, “Killer Robots”, *Journal of Applied Philosophy*, 24 (2007), 64.; 17.Infeld, “Precision-Guided Munitions Demonstrated Their Pinpoint Accuracy in Desert Storm; But Is A Country Obligated to Use Precision Technology to Minimize Collateral Civilian Injury and Damage”, *George Washington Journal of International Law & Economics*, 26 (1992), 109.; 18.Op. cit., 109.; 19.Op. cit., 110.; 20.[*http://www.ciaonet.org/olj/sa/sa\_99bag02.html*](http://www.ciaonet.org/olj/sa/sa_99bag02.html) Bakshi, “Yugoslavia: Air Strikes Test of the Air War Doctrine”, 22 ***Strategic*** *Analysis: A Monthly Journal of the IDSA* (1999).; 21.Puckett, “Smart Weapons”, 657.; 22.Sparrow, “Killer Robots”, 63.; 23.See e.g., [*http://www.cnn.com/2012/03/30/world/asia/pakistan-drone-strike/index.html*](http://www.cnn.com/2012/03/30/world/asia/pakistan-drone-strike/index.html) Kassim, “Drone strike hits Pakistani tribal region” CNN (30 Mar. 2012); [*http://www.guardian.co.uk/world/2012/apr/02/rise-of-the-drones-military-dilemma*](http://www.guardian.co.uk/world/2012/apr/02/rise-of-the-drones-military-dilemma) Norton-Taylor, “Rise of the drones poses growing dilemma for military: MoD confronts moral and legal issues as armed robots increasingly take warfare out of human control,” *The Guardian* (2 Apr. 2012); [*http://www.reuters.com/article/2012/03/10/us-yemen-airstrike-idUSBRE82905V20120310*](http://www.reuters.com/article/2012/03/10/us-yemen-airstrike-idUSBRE82905V20120310) M. Ghobari & M. Mukhsaf, “Air strikes in Yemen kill 45 suspected Qaeda militants,” Reuters, 10 Mar. 2012.; 24.L. van Wifferen, “Alienation from the Battlefield: Ethical Consideration concerning Remote Controlled Military Robotics”, MA thesis, Utrecht, The Netherlands: Universiteit Utrecht, 2011.; 25.Singer, *Wired*, p. 92.; 26.Op. cit.; 27.Sparrow, “Killer Robots”, 63.; 28.iRobot purchased its name from the seminal Isaac Asimov novel. See generally: I. Asimov, *I, Robot* (New York: Bantam Dell, 1950). The company, founded by three MIT computer specialists, began its operations with small-scale government contracts and efforts at robotic toys. Its first major commercial success was the Roomba, the world’s first mass-marketed robotic vacuum cleaner. Roomba was the progeny of a military robot, Fetch, which was designed by the US Air Force in 1997 to remove cluster bomblets from airfields. Singer, *Wired*, pp. 51–5.; 29.Op. cit., p. 57.; 30.[*http://online.wsj.com/article/SB10001424053111904070604576516591798551476.html*](http://online.wsj.com/article/SB10001424053111904070604576516591798551476.html) Hodge, “Robots for Land, Sea, and Air Battles”, The Wall Street Journal (19 Aug. 2011).; 31.Op. cit.; 32.[*http://robotzeitgeist.com/2006/11/samsung-techwins-sgr-a1-robot-sentry.html*](http://robotzeitgeist.com/2006/11/samsung-techwins-sgr-a1-robot-sentry.html) Samsung Techwin’s SGR-A1 robot sentry video, Robotic Zeitgeist, Artificial Intelligence and Robotics Blog (Nov. 14, 2006).; 33.[*http://andrewgibsondefence.wordpress.com/2010/10/17/should-killer-robots-be-banned-publisher-leftfootforward-org/*](http://andrewgibsondefence.wordpress.com/2010/10/17/should-killer-robots-be-banned-publisher-leftfootforward-org/) Gibson, “Should Killer Robots Be Banned?” LeftFootForward, (October 2010); see also: [*http://spectrum.ieee.org/robotics/military-robots/a-robotic-sentry-for-koreas-demilitarized-zone*](http://spectrum.ieee.org/robotics/military-robots/a-robotic-sentry-for-koreas-demilitarized-zone) Kumagai, “A Robotic Sentry For Korea’s Demilitarized Zone” IEEE (March 2007).; 34.Op. cit.; 35.Op. cit. See also: Arkin, “Governing Lethal Behavior”, 5.; 36.G.E. Marchant et al., “International Governance of Autonomous Military Robots”, *Columbia Science & Technology Law Review*, 12 (2011), 274.; 37.Op. cit. See also: [*http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697*](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697) P. Lin, G. Bekey & K. Abney, “Autonomous military robotics: risk, ethics, and design”, Report for US Department of Navy, Office of Naval Research (2007), p. 12.; 38.Marchant, “International Governance”, 274.; 39.Singer, *Wired*, p. 93. See also: [*http://www.army-technology.com/projects/rq11-raven/*](http://www.army-technology.com/projects/rq11-raven/) ‘RQ-11 “Raven Unmanned Aerial Vehicle, United States of America”.; 40.Arkin, “Governing Lethal Behavior”, 5.; 41.Op. cit.; 42.Sparrow, “Killer Robots”, 63.; 43.Op. cit.; 44.More than 40 years ago, Intel co-founder Gordon Moore forecasted the rapid pace of technology innovation. His prediction, popularly known as “Moore’s Law,” describes the doubling power of computer processing. Moore observed that transistor density on integrated circuits had doubled about every two years from 1957 to 1965 and predicted that they would continue to do so until at least 2020: See: Moore, “Cramming more components onto integrated circuits”, *Electronics* 38, (April 19, 1965).; 45.[*http://www.ted.com/talks/pw\_singer\_on\_robots\_of\_war.html*](http://www.ted.com/talks/pw_singer_on_robots_of_war.html) Singer, “Military Robots and the Future of War”, Lecture delivered at TED (February 2009).; 46.Op. cit.; 47.[*http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697*](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697) P. Lin, G. Bekey & K. Abney, “Autonomous military robotics: risk, ethics, and design”, Report for US Department of Navy, Office of Naval Research (2007), p. 70.; 48.U. Pagallo, “Robots of Just War: A Legal Perspective”, *Philosophy & Technology*, 24 (2011), 315.; 49.Sparrow, “Killer Robots”, 64.; 50.R. Arkin, “The Case for Ethical Autonomy in Unmanned Systems”, *Journal of Military Ethics*, 9 (2010), 334.; 51.Op. cit., 333. The fog of war refers to the uncertainty felt in a battlefield situation due to the volatile nature of that milieu and the unavailability of real time updates. This can render a military commander unaware of the force’s—and the enemy’s—current status and capabilities. Prussian military analyst Carl von Clausewitz is credited with having coined the term in his unfinished opus “Von Kriege” (“On War”). He writes: “The great uncertainty of all data in war is a peculiar difficulty, because all action must, to a certain extent, be ***planned*** in a mere twilight, which in addition not infrequently like the effect of a fog or moonshine gives to things exaggerated dimensions and unnatural appearance.” See C. Von Clausewitz, *On War*, trans. and eds. M. Howard and P. Paret (Princeton, NJ: Princeton University Press, 1976).; 52.Arkin, “Ethical Autonomy”, 334.; 53.Marchant, “International Governance”, 276.; 54.Arkin, “Ethical Autonomy”, 333. This would, of course, require a different ***programming*** approach than the one contemplated by Asimov’s third law (set out in the text preceding note 89).; 55.Singer, *Wired*, p. 52.; 56.Arkin, “Moral Decision Making”, 4.; 57.Arkin, “Ethical Autonomy”, 337.; 58.Op. cit.; 59.Op. cit.; 60.Op. cit.; 61.Arkin, “Governing Lethal Behavior”, 12.; 62.Op. cit., 7.; 63.Arkin, “Ethical Autonomy”, 1. And indeed, those who trumpet the value of human participation in war are confronted with statistics demonstrating that environmental factors lead soldiers to commit war crimes. For example, a report tendered by the Surgeon General of the 2006 American Operation Iraqi Freedom showed there was a tendency to disregard battlefield ethics training. Alarmingly, 10% of American soldiers that served in Iraq reported mistreating non-combatants and one-third of those surveyed would allow torture. See: Mental Health Advisory Team (MHAT), “IV Operation Iraqi Freedom 05-07”, Office of the Surgeon Multinational Force-Iraq and Office of the Surgeon General United States Army Medical Command, 17 Nov. 2006, p. 36.; 64.Arkin, “Ethical Autonomy”, 1.; 65.Singer, *Wired*, p. 86.; 66.Op. cit.; 67.See: O. Ben-Naftali and Z. Triger, “Conditioning the Human Condition” in this symposium at p. 6.; 68.Karel had originally thought about using the word “laboři” (connoting the idea of “laborer”) but sought the advice of his brother, a painter, whose suggestion of “robota” better depicted the involuntary nature of the work: Čapek, *Lidove noviny*, 24 Dec. 1933, (Norma Comrada trans.) [*http://capek.misto.cz/english/robot.html;*](http://capek.misto.cz/english/robot.html;) See also: Robertson, “Gendering Robots: Posthuman Traditionalism in Japan”, in *Recreating Japanese Men*, S. Fruhstuck and A. Walthall (eds), (2011), p. 288.; 69.See e.g.: Dick, “We Can Remember It for You Wholesale” in *The Magazine of Fantasy & Science Fiction*, E.L. Ferman (ed), (Apr. 1966)—the 1990 film “Total Recall” is based loosely on this work.; 70.By a process we would today call “synthetic biology.” The term was first used by Stéphane Leduc. See: Leduc, *Théorie physico-chimique de la vie et générations spontanées* (1910). For a contemporary description see: [*http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2174633/*](http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2174633/) L. Serrano “Synthetic biology: promises and challenges”, *Molecular Systems Biology*, 3 (2007), 158.; 71.[*http://ebooks.adelaide.edu.au/c/capek/karel/rur/*](http://ebooks.adelaide.edu.au/c/capek/karel/rur/) Čapek, *R.U.R. (Rossum’s Universal Robots)*, trans. by David Wyllie.; 72.Op. cit., act I.; 73.Op. cit.; 74.Op. cit.; 75.See e.g.: Petersen, “Designing people to serve”, in *Robot Ethics: The Ethical and Social Implications of Robotics*, P. Lin, K. Abney, and G. Bekey (eds), (2012) 283 [Petersen, “Designing”]; Petersen, “The ethics of robot servitude”, 19(1) *Journal of Experimental and Theoretical Artiﬁcial Intelligence*, (2007), 43–54.; 76.Petersen argues forcefully against the mainstream that there is in fact no moral problem with robot servitude, so long as the robots are hardwired to desire and prefer servitude: Op. cit., p. 283.; 77.This, of course is the plot of *R.U.R*. Others in the genre include: Shelley, *Frankenstein; or, The Modern Prometheus* (2nd edn. 1823); *2001: A Space Odyssey* (Metro-Goldwyn-Mayer 1968); *Bladerunner* (Warner Bros. 1982); *Terminator* (Hemdale Film Corporation 1984); *Bicentennial Man* (Touchstone Pictures 1999); *Robocop* (Orion Pictures 1987); *Runaway* (Tri-Star Pictures 1984); *Transformers* (Paramount Pictures 2007); *Battlestar Galactica* (Original series: ABC: 1978; Re-imagined series: 2004–2007 NBC Universal Television, Universal Media Studios 2007–2009).; 78.See e.g.: [*http://www.wired.com/wired/archive/8.04/joy.html*](http://www.wired.com/wired/archive/8.04/joy.html) Joy, “Why the future doesn’t need us”, *Wired*, 8 (April 2000).; 79.The two of us included. Although we do find George Dyson’s famous line quite compelling: “In the game of life and evolution there are three players at the table: human beings, nature, and machines. I am firmly on the side of nature. But nature, I suspect, is on the side of the machines.” G. Dyson, *Darwin Among the Machines* (New York: Perseus Books, 1998), p. xi. For us, the reason why we ought not to treat robots as slaves has less to do with the unlikely prospect of robots becoming ethical beings capable of exacting revenge than it does with: (i) the human consequences that attach to treating humanoids as a slave class, and (ii) the unintended consequences of delegating decisions and relinquishing control to autonomous machines.; 80.As it is styled these days: See, e.g.: [*http://robots.law.miami.edu/ian-kerr-and-jason-millar-on-delegation-relinquishment-and-responsibility-the-prospect-of-robot-experts*](http://robots.law.miami.edu/ian-kerr-and-jason-millar-on-delegation-relinquishment-and-responsibility-the-prospect-of-robot-experts)/ J. Millar and I. Kerr, “Delegation, Relinquishment and Responsibility: The Prospect of Expert Robots” (2013).; 81.Asimov, *The Bicentennial Man and Other Stories* (New York: Doubleday, 1976), p. 69.; 82.[*http://www.e-reading.org.ua/chapter.php/81822/54/Azimov\_-\_Robot\_Visions.html*](http://www.e-reading.org.ua/chapter.php/81822/54/Azimov_-_Robot_Visions.html). Asimov, “The Machine and the Robot”, in *Robot Visions* (New York: Penguin Books, 1990).; 83.Asimov, *I, Robot*, p. xi.; 84.[*http://www.ebooktrove.com/Asimov*](http://www.ebooktrove.com/Asimov),%20Isaac/Asimov,%20Isaac%20-%20Robot%2006%20-%20Robots%20&%20Empire.pdf?9fd8a6e3e5d474fad5f9001399292f58=783ce58e014bf2de6ee912a401a904b6 Asimov subsequently posited the need for a “zeroth law”: “a robot may not harm humanity, or, by inaction, allow humanity to come to harm.” Asimov, *Robots and Empire* (New York: HarperCollins, 1985), part V, c.18.; 85.Reidenberg, “Lex Informatica”, *Texas Law Review*, 76 (1998), 553; Lessig, “Code and Other Laws of Cyberspace and Code 2.0” (2006).; 86.Created by Gianmarco Veruggio in 2002 roboethics is a field of study concerned with the behavior of humans, how humans design, construct, use and treat robots and other artificially intelligent beings. See: [*http://www.roboethics.org/index\_file/Roboethics%20Roadmap%20Rel.1.2.pdf*](http://www.roboethics.org/index_file/Roboethics%20Roadmap%20Rel.1.2.pdf) G. Veruggio, “Roboethics Roadmap 1.2”, European Robotics Research Network (January 2007); G.Veruggio, “Views and visions in Robotics”, Hearing at the Italian Senate’s 7th Permanent Commission, (Rome 2002); J. Searle, “Minds, brains and ***programs***”, *Behavioral and Brain Sciences*, 3 (1980), 417; A. Winfield, “Five roboethical principles – for humans”, *New Scientist*, 210 (2011), 32.; 87.For an interesting application to the case of lethal autonomous robots, see: [*http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697*](http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA534697) P. Lin, G. Bekey & K. Abney, “Autonomous military robotics: risk, ethics, and design”, Report for US Department of Navy, Office of Naval Research (2007), p. 50.; 88.A politician accused of being a robot.; 89.Asimov, *I, Robot*, p. 178.; 90.[*http://www.icrc.org/eng/resources/documents/statement/new-weapon-technologies-statement-2011-09-08.htm*](http://www.icrc.org/eng/resources/documents/statement/new-weapon-technologies-statement-2011-09-08.htm) Kellenburger, “IHL and New Weapon Technologies”. Thirty-fourth Round Table on Current Issues of IHL, Keynote Address (September 8, 2011).; 91.E. Cannizzaro, “Contextualizing Proportionality: jus ad bellum and jus in bello in the Lebanese War”, *International Review of the Red Cross*, 88 (2006), 785.; 92.Y. Dinstein, *War, Aggression and Self-Defence* (3d) (New York: Cambridge University Press, 2001), p. 119.; 93.C. Greenwood, “Historical Development and Legal Basis” in D. Fleck, ed, *The Handbook of Humanitarian Law in Armed Conflicts* (New York: Oxford University Press, 1995), p. 36.; 94.UNHRC, Report of the Special Rapporteur on extrajudicial, summary, or arbitrary executions, 14th Sess Supp No 40, UN Doc A/HRC/14/24/Add.6 (2010), para. 29; M. Schmitt, “Military Necessity and Humanity in International Humanitarian Law: Preserving the Delicate Balance”, *Virginia Journal of International Law*, 50 (2010), 828.; 95.UN Doc A/HRC/14/24/. Report of the Special Rapporteur on extrajudicial, summary, or arbitrary executions (20 May 2010), para. 79.; 96.Technological neutrality is a commitment to the idea that laws should be framed generally, as opposed to being designed for a specific technology. This view is intrinsically linked to a value-free understanding of technology itself: “technology is deemed ‘neutral’ without valuative content of its own.” See: [*http://www.sfu.ca/~andrewf/books/critical\_theory\_of\_technology.pdf*](http://www.sfu.ca/~andrewf/books/critical_theory_of_technology.pdf) Feenberg, “Critical Theory of Technology” (1991), p. 5. Moreover, technology-neutral language permits a one-size-fits-all solution to regulatory problems. From a regulatory perspective, employing generic regulations will prove more efficient as it will avoid modifying its entire policy position when the passage of time inevitably delivers new technologies. This ensures not only a non-discriminatory approach that treats different technologies equally when creating regulations themselves, but also a sustainable approach to lawmaking that will prevent frequent revisions or laws based around particular technologies. van der Haar, “Technological Neutrality; What Does It Entail?” Mar. 2007 TILEC Discussion Paper No. 2007-009, pp. 22–3. See generally: [*www.lex-electronica.org/docs/articles\_236.pdf*](http://www.lex-electronica.org/docs/articles_236.pdf) Ali, “Technological Neutrality”, *Lex Electronica*, 12 (2009).; 97.For example, the principles of distinction, proportionality, military necessity, humanity, etc.; 98.As discussed, there are several international frameworks that prohibit or limit the use of specific weapons. These include: Declaration Renouncing the Use, in Time of War, of Explosive Projectiles Under 400 Grammes Weight, Saint Petersburg, (11 Dec. 1868 or 29 Nov. by the Julian Calendar) UKPP 659 (LXIV); Protocol for the Prohibition of the Use of Asphyxiating, Poisonous or Other Gases and Bacteriological Methods of Warfare, 17 June 1925, UKTS 24; Convention on Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques, 10 Dec. 1976, UNTS 151; Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May be Deemed to be Excessively Injurious or to Have Indiscriminate Effects (and its Protocols: Protocol I: non-detectable fragments, Protocol II: mines, booby-traps and other devices, Protocol III: incendiary weapons) 10 Oct. 1980, 1342 UNTS 137. An additional Protocol (IV) on blinding laser weapons was enacted on 13 Oct. 1995; Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction, 3 Sept. 1992 1974 UNTS 45; Convention on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-Personnel Mines and on Their Destruction, 18 Sept. 1997 2056 UNTS 211; Convention on Cluster Munitions, 30 May 2008, CCM/77. Still, these conventions remain the exception: in most situations, there is insufficient political will to generate such agreements, even in the most outwardly self-evident cases, e.g. nuclear weapons. In the post-bellum period, global powers were unable to reach an accord on the legality of nuclear weapons, despite (or perhaps because of) the havoc they wreaked in Hiroshima and Nagasaki. The specter of the Cold War and prospective nuclear arsenals loomed large. Accordingly, conversations about outlawing weapons are tied to fears that those weapons will be used against you once you agree to get rid of your own.; 99.[*http://law.berkeley.edu/journals/btlj/articles/voI16/geist/geist.pdf*](http://law.berkeley.edu/journals/btlj/articles/voI16/geist/geist.pdf) Geist, “Is There A There There? Towards Greater Certainty for Internet Jurisdiction”, *Berkeley Tech LJ*, 16 (2002), 1359. See also: [*http://www.wipo.int/mdocsarchives/WIPO\_EC\_CONF\_99/WIPO\_EC\_CONF\_99\_SPK\_24%20C\_E.pdf*](http://www.wipo.int/mdocsarchives/WIPO_EC_CONF_99/WIPO_EC_CONF_99_SPK_24%20C_E.pdf) Herrmann, Secretary of United Nations Commission International Trade Law (UNCITRAL), “Establishing a Legal Framework for Electronic Commerce: the Work of the United Nations Commission on International Trade Law”, conference paper, presented to the International Conference on Electronic Commerce and Intellectual Property (WIPO), September 14–16, 1999, p. 45.; 100.van der Haar, “Neutrality”, 22–3.; 101.Op. cit., 22.; 102.See e.g.: [*http://www.uncitral.org/enindex.htm*](http://www.uncitral.org/enindex.htm) UNCITRAL Model Law on Electronic Commerce With Guide to Enactment (1996), and its Canadian counterpart, the Uniform Electronic Commerce Act: [*http://www.law.ualberta.ca/alri/ulc/current/euecafin.htm*](http://www.law.ualberta.ca/alri/ulc/current/euecafin.htm).; 103.The ten principles of fair protection appended in Schedule I of Canada’s Personal Information Protection and Electronic Documents Act (PIPEDA) are modeled after the privacy principles developed by the Organization for Economic Cooperation and Development (OECD). Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5. See also: [*http://oecdprivacy.org*](http://oecdprivacy.org)/ OECD Privacy Principles. In the United States, similar principles originated in a 1973 government report as a system for protecting personal privacy in report keeping systems. See: [*http://bobgellman.com/rg-docs/rg-FIPShistory.pdf*](http://bobgellman.com/rg-docs/rg-FIPShistory.pdf) Robert Gellman, “Fair Information Practices: A Basic History”, Version 1.92, June 24, 2013.; 104.Ubiquitous computing, known colloquially amongst technophiles as “ubicomp”, refers to a future where digital devices are integrated so seamlessly into our daily existence that no one notices their presence. Mark Weiser, widely considered to be the father of ubiquitous computing, begins his seminal piece “The Computer for the 21st Century” with this vivid description: “The most profound technologies are those that disappear. They weave themselves into the fabric of everyday life until they are indistinguishable from it.” See: M. Weiser, “The Computer for the 21st Century”, *Scientific American*, 265 (1991), 94. Ubicomp technologies will be foundational to the coming era of robotics.; 105.Namely, that we can, for particular legal purposes, treat all or even most technologies the same.; 106.Feenberg, “Critical Theory of Technology”, 5.; 107.N. Postman, *The End of Education: Redefining the Value of School* (New York: Vintage Books, 1996), pp. 192–3.; 108.L. Winner, “Do Artifacts Have Politics?” in L. Winner (ed), *The Whale and the Reactor: A Search for Limits in an Age of High Technology* (Chicago, IL: The University of Chicago Press, 1986), p. 19.; 109.J. Mander, *Four Arguments For The Elimination of Television* (New York: HarperCollins, 1978), p. 350.; 110.Winner, “Artifacts”, 22.; 111.T. Aquinas, *Summa Theologica* (II-II, Qu 64, Art .7).; 112.Winner, “Artifacts”, 22.; 113.Winner, *Autonomous Technology: Technics-out-of-Control as a Theme in Political Thought* (Cambridge, MA: The MIT Press, 1978), p. 324.; 114.See generally: Heilbroner, “Do Machines Make History?”, *Technology and Culture*, 2 (1961), 335; Shaw; “The Handmill Gives You the Feudal Lord: Marx’s Technological Determinism”, *History and Theory*, 18 (1979), 155; Hansen, “The Technological Interpretation of History”, *Quarterly Journal of Economics*, 36 (1921), 72. Winner articulated his view as follows:It may seem that the view I am suggesting is that of technological determinism: the idea that technological innovation is the basic cause of changes in society and that human beings have little choice other than to sit back and watch this ineluctable process unfold. But the concept of determinism is much too strong, far too sweeping in its implications to provide an adequate theory. It does little justice to the genuine choices that arise, both in principle and practice, in the course of technical and social transformation. Being saddled with it is like attempting to describe all instances of sexual intercourse based only on the concept of rape. A more revealing notion, in my view, is that of technological somnambulism. For the interesting puzzle in our times is that we so willingly sleepwalk through the process of reconstituting the conditions of human existence.L. Winner, “Technologies as Forms of Life”, in D. Kaplan (ed), *Readings in the Philosophy of Technology* (New York: Rowman & Littlefield, 2003), p. 107.; 115.In the preface to *Prolegomena to Any Future Metaphysics*, Kant famously “thanked” David Hume for his arguments about causality, which Kant credited as being “the very thing which many years ago first interrupted my dogmatic slumber and gave my investigations in the field of speculative philosophy quite a new direction.” The implausibility of Hume’s arguments on cause and effect led Kant to the realization that there were other ways of thinking of things a priori. He rejected Hume’s reluctant conclusion that reason is deluded about cause and effect and set out to use Hume’s argument as “a spark from which light may be obtained” by catching “some inflammable substance.” I. Kant, trans. and ed. by G.Hatfield, *Prolegomena to Any Future Metaphysics: With Selections from the Critique of Pure Reason* (Cambridge: Cambridge University Press, 1997), p. 10.; 116.The maxim “ought implies can” is a form of transcendental idealism that leaves open the possibility that we have free will. This ethical framework mandates that an individual must be logically able to perform any action that he or she is morally obligated to perform. As Kant asserts: “For the moral law commands that we ought to be better human beings now, it inescapably follows that we must be capable of being better human beings.” Moreover: “The action to which the ‘ought’ applies must indeed be possible under natural conditions.” Kant, *Religion Within the Boundaries of Mere Reason* 6:50. See also Kant, *Critique of Pure Reason* A548/B576, 473. In the cyberspace context, Lawrence Lessig cautions against the use of sweeping rhetoric about the nature of technology, since it can lead to deterministic conclusions. He cites the frequent mention of the very “essence” of the web being a place that cannot be regulated, that its “nature” is to resist regulation. Yet, if there is any place where nature should have no rule, it is in cyberspace: a place that has been entirely constructed. Lessig characterizes this as “the fallacy of ‘is-ism’ – the mistake of confusing how something is with how it must be.” L. Lessig, *Code: Version 2.0* (New York: Basic Books, 2006), p. 31.; 117.And, let’s assume for the purposes of this analysis that it will not become subject to such an agreement.; 118.Winner, “Autonomous”, 324.; 119.London Procès-Verbal Relating to the Rules of Submarine Warfare Set Forth in Part IV of the Treaty of London of 22 April 1930, 6 Nov. 1936, UKTS 29 (1936), Cmd. 5302 (Eng. Fr.). Peter Asaro also uses this example to exemplify problems associated with lethal autonomous robots. See P. Asaro, “How Just Could A Robot War Be?” in P. Brey, A. Briggle and K. Waelbers (eds), *Current Issues in Computing and Philosophy* (IOS Press, online, 2008), p. 59. However, this example originates in Michael Walzer’s seminal work on just war. As a corollary to the “sink on sight” unlimited submarine warfare practices employed by German forces during World War II (WWII), German submarines stopped following the duty set out in the 1936 London Protocol to provide for the safety of the survivors of a sunken ship. This was justified under the auspices of military necessity: submarines are exposed to great danger if they have to surface and fulfill the obligations of surface vessels. The argument was made that the only alternative was to not use submarines at all or to use them ineffectively, which would have given control of the sea to the British navy. See Walzer, *Just and Unjust Wars: A Moral Argument with Historical Illustrations* (New York: Basic Books, 1977), p. 147.; 120.Op. cit.; 121.J. Gilliland, “Submarines and Targets: Suggestions for New Codified Rules of Submarine Warfare”, *Georgetown Law Journal*, 73 (1984), 981.; 122.Op. cit., 978.; 123.Jane Gilliland describes a blue law as being one which is both clear on its terms and be clearly violated by an accused, but is unenforced because of changed conditions and long-term disregard by the community. Gilliland, “Submarines”, 989.; 124.London Procès-Verbal Relating to the Rules of Submarine Warfare Set Forth in Part IV of the Treaty of London of 22 April 1930, 6 Nov. 1936, UKTS 29 (1936), Cmd. 5302 (Eng. Fr.).; 125.Gilliland, “Submarines”, 989.; 126.Op. cit., 981.; 127.Op. cit.; 128.Op. cit., 991.; 129.Better prediction technology makes possible an argument that pre-emption is necessary. For instance, the much maligned “Bush doctrine” justifies preemptive self-defense in the context of the “War on Terror” through advanced technological prediction capability that better informs government agencies about the threat of a terrorist attack. In his first public speech on the topic at a graduation ceremony at West Point, Bush stated: “If we wait for threats to fully materialize, we will have waited too long. … We must take the battle to the enemy, disrupt his ***plans***, and confront the worst threats before they emerge[;] … our security will require all Americans to be forward-looking and resolute, to be ready for preemptive action when necessary to defend our liberty and to defend our lives.” See: [*http://georgewbush-whitehouse.archives.gov/news/releases/2002/06/20020601-3.html*](http://georgewbush-whitehouse.archives.gov/news/releases/2002/06/20020601-3.html) “President Bush Delivers Graduation Speech at West Point” (June 1, 2002). See also: [*http://www.state.gov/documents/organization/63562.pdf*](http://www.state.gov/documents/organization/63562.pdf) “The White House, The National Security Strategy of the United States of America”, (2002), pp. 14–15.; 130.Picker, “A View from 40,000 Feet: International Law and the Invisible Hand of Technology”, *Cardozo Law Review*, 23 (2001), 151.; 131.As Colin Picker explains: “The fact that modern communications technology is forcing policy makers to take global constituencies into account is a reflection of a perception that technology is an irresistible force. This is not a new insight. Indeed, thirty years ago, L.F.E. Goldie argued that ‘the sciences are all-pervasive in international law … and have a direct condition, if not determinative, effect both upon existing rules and upon the progressive development of new rules.’ This insight is analogous to Adam Smith’s metaphor of the role of the invisible hand of the market on a country’s economy. In the technology and international law context, the metaphor would observe that technology operates as an invisible hand on international law, guiding and shaping its development.” Op. cit., 201.; 132.The phrase “technological determinism” was allegedly coined by economic industrialist Thorstein Veblen. See: [*http://socserv2.mcmaster.ca/~econ/ugcm/3ll3/veblen/Engineers.pdf*](http://socserv2.mcmaster.ca/~econ/ugcm/3ll3/veblen/Engineers.pdf) T. Veblen, *Engineers and the Price System* (2001), p. 38. For a fulsome survey of philosophers with varying view on technological determinism, see Bimber, “Karl Marx and the Three Faces of Technological Determinism”, *Social Studies of Science*, 20 (1990), 333.; 133.Picker, “View,” 203.; 134.N. Postman, *Technopoly: The Surrender of Culture to Technology* (New York: Vintage, 1993).; 135.The multiple sources of international law in the ICJ Statute, which include treaty law, customary law, general principles of law recognized by civilized nations, and judicial decisions and writings of highly qualified publicists demonstrates that international law is not intended as a single behavioral code, but instead as a flexible entity that recognizes a pluralistic legal perspective. See Statute of the International Court of Justice (1945), 59 Stat. 1055, Art. 38(1). Moreover, the creation of assumedly concrete and binding treaty law is accompanied by ***planned*** review conferences to determine whether the scheme is sufficient and whether changes are necessary. For example, though the Rome Statute came into force in 2002, a review conference was mandated for seven years later to propose and discuss amendments to flexibly respond to its implementation. See: [*http://www.kampala.icc-cpi.info*](http://www.kampala.icc-cpi.info)/ International Criminal Court, “The Review Conference for the Rome Statute”.; 136.For a similar argument see, S. Lavi, “Cloning International Law: The Science and Science Fiction of Human Cloning and Stem-Cell Patenting” in this symposium.; 137.[*http://www.icrc.org/eng/resources/documents/misc/5krbdw.htm*](http://www.icrc.org/eng/resources/documents/misc/5krbdw.htm) Gordon-Bates, “The ICRC and the nuclear weapon: the story of an uncomfortable paradox” (March 18, 2003).; 138.Op. cit.; 139.The mid-1990s also saw international action towards the creation of technology neutral e-commerce legislation. Though there was an identified need to regulate electronic commerce, the international community remained reticent to the development of specific standards due to the propensity of the technology to change rapidly and the possibility of legislative obsolescence before the provisions even came into force. Moreover, an international agreement could only function if countries the world over, with different technologies in practice, would agree to a convention. The United Nations Model Law on Electronic Commerce therefore adopts a minimalistic, technology-neutral approach. See Official Records of the General Assembly, Fortieth Session, Supplement No. 17 (A/40/17)(1996). Concurrently, global data protection regimes also began to gain similar momentum, with the prevailing attitude being that policies needed to be technology neutral to withstand the test of time. The European data privacy directive, Directive 95/46/EC, was adopted in 1995. See: [*http://www.edps.europa.eu/EDPSWEB/edps/EDPS/Dataprotection/Legislation*](http://www.edps.europa.eu/EDPSWEB/edps/EDPS/Dataprotection/Legislation) “Legislation”, European Data Protection Supervisor.; 140.Legality of the Threat or Use of Nuclear Weapons, ICJ Rep 226 (1996).; 141.Op. cit., paras. 74–87.; 142.Conceivably, one might argue that it would be proportionate to use a nuclear weapon in response to another nuclear attack.; 143.Legality of the Threat or Use of Nuclear Weapons, ICJ Rep 226 (1996), paras. 14–20.; 144.The case for lethal autonomous robots set out above in Section II provides an excellent example of this.; 145.The term “force multiplier” refers to a factor that significantly enhances the effectiveness or ***strategic*** advantage of a particular force. In a military context, technology can result in force multiplication that achieves an objective that would traditionally have required a much larger force. Arkin expects lethal autonomous robots would result in force multiplication by having robots and soldiers side-by-side on the battlefield. See Arkin, “Governing Lethal Behavior”, 13.; 146.Nuclear Weapons, para. 96.; 147.[*http://www.chakoteya.net/StarTrek/23.htm*](http://www.chakoteya.net/StarTrek/23.htm) Star Trek: A Taste of Armageddon, unofficial transcript (NBC television broadcast, 21 July 1967).; 148.See e.g., Pagallo, “Just War”, 303.; 149.See e.g., Singer, *Wired*; Asaro, “Robot War”; Sparrow, “Killer Robots”; van Wifferen, “Alienation”.; 150.van Wifferen, “Alienation”, 38.; 151.These videoclips, many of which are freely available on YouTube, are colloquially known as “war porn.” Peter Singer cites a particularly egregious example of a clip of catastrophic explosions being set to the song “I Just Wanna Fly” by Sugar Ray. [*http://www.ted.com/talks/pw\_singer\_on\_robots\_of\_war.html*](http://www.ted.com/talks/pw_singer_on_robots_of_war.html) Singer, “Military Robots and the Future of War,” Lecture delivered at TED (February 2009).; 152.Singer, *Wired*, p. 85.; 153.[*http://www.economist.com/blogs/babbage/2010/10/robots\_war*](http://www.economist.com/blogs/babbage/2010/10/robots_war) “Robots at war: Drones and democracy”, The Economist (October 1, 2010).; 154.Asimov, “The Evitable Conflict”, in *The Complete Robot* (New York: HarperCollins/Voyager, 1983), p. 450. Despite correcting them over and over, students almost always call this story “The Inevitable Conflict”, which I find most telling.; 155.Op. cit., p. 450.; 156.Op. cit.; 157.Typically stated as, “Anything that can go wrong will go wrong.” Though, as Bill Joy has noted: “Actually, this is Finagle’s law, which in itself shows that Finagle was right.” See Joy, “Future”.; 158.Asimov, “Evitable Conflict”, 466. These are Asimov’s luddites.; 159.Op. cit., 468.; 160.Op. cit., 469.

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